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# United Nations Regional Centre for Peace, Disarmament and Development in Latin America and the Caribbean

## Report of the Secretary-General

*Summary*

The present report describes the activities of the United Nations Regional Centre for Peace, Disarmament and Development in Latin America and the Caribbean during the period from July 2007 to June 2008.

The Centre celebrated its twentieth anniversary in 2007. During the reporting period, it undertook an extensive review of its past and present programme of activities with a view to reaffirming the identity of the Centre as a specialized regional centre for the promotion and execution of disarmament activities, in accordance with its mandate and in compliance with requests from Member States throughout the Latin American and Caribbean region.

To achieve better synergies among its activities, meet the pressing priorities of the United Nations and address the requirements of both donors and Member States of the region, the Centre adjusted its organizational structure and operational approach to the evolving and increasing requests of Member States in the region.

In this connection, the Centre organized its practical disarmament activities and the promotion of disarmament and confidence-building measures under four thematic programmes, namely: disarmament instruments and policymaking; public security; regional security and confidence-building measures; and disarmament advocacy.

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The Centre also concluded three of its most significant donor agreements to date and delivered increased technical assistance to States on issues related to illicit firearms trafficking, which has a strong impact on public security and which has been identified by Member States in Latin America and the Caribbean as their most pressing security concern.

In addition, in support of the "one United Nations system" policy, the Centre continued to promote joint efforts with United Nations entities and/or international and non-governmental organizations to enhance the capacity of States in addressing their disarmament and development needs, specifically the issue of armed violence.

In the absence of assessed contributions from the United Nations regular budget, provision of voluntary financial contributions, in particular for core funding, is of crucial importance for the operation and activities of the Centre. This situation continues to have an impact on the sustainability and quality of activities and services provided by the Centre.

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# I. Introduction

1. In its resolution 62/49, the General Assembly requested the Secretary-General to provide the United Nations Regional Centre for Peace, Disarmament and Development in Latin America and the Caribbean with all necessary support, within existing resources, so that it may carry out its programme of activities in accordance with its mandate and to report to the Assembly at its sixty-third session on the implementation of the resolution.

2. The present report is submitted in compliance with that request and covers the Centre's activities from July 2007 to June 2008. A financial statement on the status of the Trust Fund for the Centre for the biennium 2006-2007 is contained in the annex to the report.

# II. Functioning and mandate

3. The United Nations Regional Centre for Peace, Disarmament and Development in Latin America and the Caribbean, located in Lima, was established in 1987, pursuant to General Assembly resolution 41/60 J.

4. The Centre, which is part of the United Nations Office for Disarmament Affairs, is mandated to provide, upon request, substantive support for the initiatives and other activities of the Member States in the region for the implementation of measures for peace and disarmament and for the promotion of economic and social development.

5. The Centre's assistance is divided into four thematic programme areas, which reflect the needs expressed by Member States in the region, relevant international disarmament instruments, as well as the vision and programme of work of the Office for Disarmament Affairs. The four programmes are: public security; regional security and confidence-building measures; disarmament advocacy; and disarmament instruments and policymaking.

# III. Activities

6. During the period under review, the Centre celebrated its twentieth anniversary and undertook an extensive review of its past and present programme of activities. The review reaffirmed the identity of the Centre as a specialized regional centre for the promotion and execution of disarmament activities, in accordance with its mandate (see resolution 41/60 J) and in compliance with requests from Member States throughout the Latin American and Caribbean region.

7. Also during the reporting period, the Centre focused its activities on three main areas of work. Firstly, the Centre continued to provide, upon request, public security assistance to Member States in the region and specifically developed standardized tools to enhance capacity-building activities in this area. The public security initiatives were carried out within the framework of three major donor agreements with the European Union, the Swedish International Development Agency, and the Department for International Development of the United Kingdom of Great Britain and Northern Ireland.

8. With the financial support from the European Union, the Swedish International Development Agency and the Department for International Development of the United Kingdom of Great Britain and Northern Ireland, the Centre's initiatives included the expansion of its flagship training the trainers course on firearms investigative techniques, which benefited more than 1,000 law enforcement officials from 7 countries in combating the illicit trafficking of firearms. Moreover, close to 20,000 firearms were taken out of circulation in the context of the Centre's technical assistance provided to the Government of Peru for the destruction of decommissioned and surplus weapons. The Centre also provided technical assistance to the Governments of Paraguay and Uruguay for efficient stockpile management, which significantly reduced the risks of explosions or related incidents, thus providing a safer environment for communities living in proximity to stockpile facilities in the two countries.

9. Secondly, the Centre supported the disarmament advocacy efforts of the Office for Disarmament Affairs by promoting international disarmament instruments at the regional level. As a result of the awareness-raising and advocacy workshops that the Centre organized with its partners, there was increased adherence by Member States in the region to disarmament instruments such as the Comprehensive Nuclear-Test-Ban Treaty, which was ratified by the Bahamas, Barbados and Colombia.

10. Thirdly, the Centre continued to support efforts throughout the region to link disarmament issues to broader development challenges. Specifically, in cooperation with the Spanish Agency for International Cooperation and the Bureau for Crisis Prevention and Recovery of the United Nations Development Programme (UNDP), the Centre facilitated the organization of a seminar where States of the Central American subregion discussed concrete policy responses to armed violence.

11. In carrying out its activities, the Centre liaised and collaborated with the Governments of the region through their Ministries of Foreign Affairs and Defence, as well as with Ministries of the Interior, Public Safety, Health and Education, and with international development and aid agencies. The Centre also coordinated and cooperated with agencies of the United Nations system and regional organizations with respect to a number of activities within the United Nations Coordinating Action on Small Arms (CASA) Mechanism, thus facilitating inter-agency planning and strengthening the ability to deliver as "one United Nations system". Furthermore, the Centre's assistance programmes were integrated into the United Nations Development Assistance Frameworks throughout the region, specifically in Brazil, Colombia, Costa Rica, the Dominican Republic, Jamaica, Uruguay and the Bolivarian Republic of Venezuela. The majority of activities within this framework were aimed at integrating disarmament and development issues into public security assistance measures in the field.

12. The Centre bolstered its strategic partnerships with the United Nations Office on Drugs and Crime, UNDP and the Organization of American States (OAS) through joint public security initiatives. New partnerships were forged with the Latin American and Caribbean Community of Police Intelligence, the Police Community of America and the World Customs Organization. The Centre collaborated with these three organizations to promote regional information exchange and best practices on firearms-related issues.

13. Finally, the Centre worked closely with civil society organizations to promote and integrate disarmament issues into the development agenda of Caribbean, Central and South American States, in particular in the area of armed violence.

## A. Assisting in the implementation of disarmament instruments

14. The Latin American and Caribbean region has been at the forefront of efforts to establish and implement arms control and disarmament instruments aimed at addressing pressing security challenges facing the region. In this regard, the Centre responded to requests by regional Member States in relation to information exchange and capacity-building of their governmental representatives on relevant disarmament instruments.

15. The Centre focused its efforts during the reporting period on the promotion of three specific international disarmament instruments, as described below.

### 1. Comprehensive Nuclear-Test-Ban Treaty

16. The Centre and the provisional technical secretariat of the Preparatory Commission for the Comprehensive Nuclear-Test-Ban Treaty Organization focused their joint advocacy efforts to promote the ratification of the Treaty on Caribbean States and consulted with three countries, namely, the Bahamas, Barbados and Colombia. Such efforts resulted in the ratification of the Treaty by the Bahamas on 26 November 2007, Barbados on 14 January 2008 and Colombia on 29 January 2008. Nine countries in the Latin American and Caribbean region have ratified the Treaty since the initiation of the joint advocacy efforts in 2000-2001.

17. A total of 29 of the 33 States in the Latin American and Caribbean region have signed the Treaty, while 28 States have so far ratified it.

### 2. Convention on Prohibitions and Restrictions on the Use of Certain Conventional Weapons which May Be Deemed to Be Excessively Injurious or to Have Indiscriminate Effects

18. The Office for Disarmament Affairs, with the financial support of the European Union and in collaboration with the Government of the Dominican Republic, co-organized a seminar in Santo Domingo in March 2008 to promote accession to the Convention on Certain Conventional Weapons by States in the region. This is within the framework of European Union joint action in support of the universalization of the Convention. In the region, Amended Protocol II, which addresses the humanitarian concerns posed by anti-personnel landmines, is of particular interest to Member States as they conclude their anti-personnel mine clearance efforts.

19. During the seminar, the Government of the Dominican Republic announced that it had submitted its instruments of ratification to the United Nations, while the representatives of Suriname and Haiti pledged that their respective Governments would accede to the Convention.

### 3. International Instrument to Enable States to Identify and Trace, in a Timely and Reliable Manner, Illicit Small Arms and Light Weapons (International Tracing Instrument)

20. The Centre provided organizational support to the regional International Tracing Instrument workshop co-organized by the Office for Disarmament Affairs and the Government of Brazil, in coordination with the International Criminal Police Organization (INTERPOL), in Rio de Janeiro, Brazil, in June 2008. The workshop, which was supported by the European Union, the Czech Republic, Estonia and Norway, aimed at promoting the effective implementation of the International Tracing Instrument and provided an opportunity for States to familiarize themselves with the Instrument, its provisions and the tools available to facilitate its implementation, such as the weapons electronic tracing system of the International Criminal Police Organization.

21. The organization of the workshop contributed to the joint efforts of the Office for Disarmament Affairs and the European Union to raise awareness about the effective implementation of the International Tracing Instrument by presenting participants with actual tracing cases and best practices on tracing procedures in the field, using examples from one of the cities in the region that faces the largest demand for tracing firearms owing to the high number of crimes involving the illicit movement of weapons and other related crimes.

## B. Maximizing public security

22. Addressing armed violence and enhancing public security have been identified by States of the Latin American and Caribbean region as the most pressing security concern. Illicit firearms trafficking fuels the violence associated with drug trafficking, terrorism and organized crime, and threatens public security. Indexes of armed violence caused by firearms are continuously on the rise, in particular in large urban centres and despite concerted and earnest efforts by States, the Latin American and Caribbean region continues to rank as one of the most violent regions in the world.

23. In an effort to address this trend, States in the region have supported the creation of a Department of Public Security at OAS. Several practical disarmament-related national initiatives were also undertaken by States during the period under review, such as increased training of the law enforcement community, greater engagement in the destruction of firearms, ammunition and explosives, tightening border controls, creating multisectoral firearms commissions, conducting awareness-raising campaigns on the impact of firearms misuse and reviewing and harmonizing national firearms legislation with relevant regional and international instruments.

24. In response to the heightened demand from Member States for assistance in implementing disarmament-related measures specifically associated with public security concerns, the Centre undertook a significant number of activities during the reporting period to strengthen national capacities, provide networking opportunities and enhance infrastructures for national and international coordination and cooperation, as described below.

### 1. Firearms instruments

25. The second Meeting of States Parties to the Inter-American Convention Against the Illicit Manufacturing of and Trafficking in Firearms, Ammunition, Explosives and Other Related Materials was held in Mexico City on 20 and 21 February 2008, which coincided with the tenth anniversary of the signing of Convention.

26. On this occasion, the Centre launched the second edition of the comparative legislative study, developed in cooperation with OAS, the United Nations Office on Drugs and Crime and UNDP, which reviews the national firearms legislation of 30 countries and compares them with regional and global instruments. This supplementary reference tool is used by members of parliaments in the region to help revise national legislation so as to be in harmony with regional and international firearms instruments.

27. The Centre provides legal assistance to States in the region and, in this regard, the comparative study serves as the main reference tool in providing them with a standardized analysis of their respective national firearms legislation. During the reporting period, the Centre provided such assistance to six Member States in the region, namely, Bolivia, Costa Rica, the Dominican Republic, Jamaica, Panama and Peru. This effort assisted States with ongoing congressional debates on the reform of their firearms laws to include various requirements contained in international firearms instruments in the draft national bills under review. Additional requests for assistance from other States in the region have also been received.

### 2. Weapons destruction and stockpile management

28. Pursuant to resolution 2108 (XXXV-O/05) on the proliferation of and the illicit trade in small arms and light weapons in all its aspects, of the General Assembly of OAS, the organization and the Centre were requested to develop courses on best practices in weapons destruction and stockpile management. In this connection, a national workshop was organized in Lima in November 2007 for 60 law enforcement officials involved in the verification and destruction of seized, decommissioned and surplus firearms. The workshop was followed by the destruction of 7,771 firearms on 14 December 2007, as well as the destruction of an additional 7,000 weapons on 6 June 2008 and of 13,751 weapons on 30 June 2008. A total of 42,000 weapons are expected to be destroyed during this ongoing sequential destruction process.

29. As a result of the workshop, the Government of Peru decided to adopt the methodology provided by the Centre in future national destruction events to be carried out by the Ministry of the Interior. Similarly, the Government of Paraguay, using the methodology provided by the Centre, organized several firearms destruction events.

30. Finally, the security of a number of firearms storage facilities throughout the region has been improved as a result of the technical assistance on stockpile management provided by the Centre to States. During the reporting period, the Centre completed assistance packages to the Governments of Paraguay and Uruguay in order to improve the security of firearms, ammunition and explosives stockpile facilities. Guidelines were also provided on the safe and secure integrated management of such installations.

### 3. National capacity-building

31. To more effectively combat illicit firearms trafficking, the law enforcement community in the region continued to build its knowledge and strengthen its operational skills with the technical support of the Centre and its partners. During the reporting period, over 1,100 officials from seven countries in the region received standardized training on investigative techniques and regional information exchange through the training the trainers courses, which were organized by the Centre in Brazil, Colombia, the Dominican Republic, Jamaica, Paraguay, Uruguay and the Bolivarian Republic of Venezuela.

32. Also during the reporting period, the scope of the training the trainers course was widened to include border management and customs investigations. Such courses were organized for customs and border agencies in the Dominican Republic and the Bolivarian Republic of Venezuela in November and December 2007 and June 2008. In the case of the Dominican Republic, members of the Cuerpo Espesializado de Seguridad Fronteriza (Specialized Land Border Security Body (CESFRONT)) participated in the three courses organized by the Centre. In the case of the Bolivarian Republic of Venezuela, the combined command post course, hosted by the national customs agency (SENIAT), was attended by custom agents.

33. Evidence of the positive impact of these courses emerged as States began to modify operational practices in the field. The courses have facilitated intra-State cooperation and increased national efficiency in addressing problems arising from illicit firearms trafficking by bolstering the collective efforts of national networks of officials from the police, customs, the judiciary, the armed forces and other entities. These training courses have also enhanced joint national and bilateral activities both at the training and operational levels.

34. The Centre has also provided assistance to States in institutionalizing a permanent combined command post, responsible for the coordination and execution of the training the trainers courses. The concept of nationally owned combined command posts has been crucial to the sustainability and application of course methodologies. During the reporting period, the work of such posts was facilitated with the establishment of permanent training facilities in Brazil, Costa Rica, Paraguay and Uruguay.

35. The Centre carried out a first-of-its-kind firearms baseline analysis to assess the current firearms situation in Jamaica and to identify the mechanisms already in place to tackle this multifaceted issue. The study provided the Ministry of Justice and National Security of Jamaica, the Defence Forces and Parliamentarians with specific information to be included in the training the trainers courses. The findings of the study also feed into other activities related to the implementation of the Jamaican national security policy programme, supported by UNDP and the Centre, by facilitating the design of policies and activities to address the threats that firearms pose to the country's stability and security.

### 4. Regional information exchange

36. During the period under review, the Centre convened a regional information exchange course in Bogotá, in April 2008. The objective of the course was to enable the regional law enforcement community to exchange best practices on transparency measures, intelligence gathering and cooperation aimed at combating illicit firearms

trafficking. The course, organized with the assistance of the Colombian Directorate of Police Intelligence (DIPOL), benefited from the substantive cooperation with the office of the United Nations Office on Drugs and Crime in Colombia, INTERPOL, the Latin American and Caribbean Community of Police Intelligence, the Police Community of America and the World Customs Organization.

37. The course was instrumental in making possible bilateral consultations on new working methods between countries, as it offered an opportunity to agree on specific practical issues at the working level. A more long-term impact of the course was the creation of a best practices manual based on the experiences and guidance of the representatives from Latin America and the Caribbean, the United States of America, as well as European law enforcement entities. The manual is expected to be used in the region throughout 2008 and discussed again among these entities during 2009. Discussions on how to develop this first cooperation and coordination initiative into a recurrent regional meeting have already started.

### 5. Working with civil society

38. During the reporting period, the Centre contributed to strengthening the link between civil society, parliamentarians and governmental agencies in addressing national threats posed by firearms trafficking by organizing several capacity-building workshops for these distinct groups, with the participation of the media in some cases. The joint workshops resulted in the training of 272 participants in Bolivia and Paraguay. The objective of these activities was to identify sustainable solutions to public security threats, to exchange best practices and, most significantly, to set the stage for future joint actions on specific citizen security initiatives by providing national authorities and non-governmental organizations with an opportunity to translate proposals into public policy.

39. In Jamaica, the Centre and the UNDP office joined forces in a concerted effort to assist the Government in the elaboration and implementation of a comprehensive national strategy to reduce armed violence and curb illicit firearms trafficking. This effort entailed organizing a series of courses and consultative workshops for civil society organizations and community leaders in the country. Week-long events were held in November and December 2007, as well as in May 2008, in the two major urban centres of Kingston and Montego Bay. The Women's Institute for Alternative Development (WINAD) in Jamaica integrated human security and gender elements into its curricula, while the University of the West Indies was instrumental in the substantive organization of the events. The successful partnership between the Centre and WINAD will serve as a model for the Centre to carry out further firearms initiatives in the Caribbean region.

## C. Further integration of disarmament and development matters

### 1. Geneva Declaration on Armed Violence and Development

40. The Centre, in collaboration with the Bureau for Crisis Prevention and Recovery of UNDP and the Spanish Agency for International Cooperation, organized an awareness-raising seminar in La Antigua, Guatemala, from 28 to 30 April 2008, to exchange information on best practices with respect to the implementation of the 2006 Geneva Declaration on Armed Violence and

Development, and the subsequent 2007 Regional Declaration of Guatemala on Armed Violence and Development.

41. The seminar focused on how to translate the Geneva Declaration into practical actions in the field and provided an opportunity for States from the region, as well as international organizations and civil society, to present some of the actions undertaken within the scope of the Declaration.

42. Two concrete outcomes emerged from the seminar. The first was the emergence of a regional consensus on the need to move forward and organize a follow-up event to discuss more concrete activities related to the Declaration, as well as possible ways to monitor and evaluate such activities. The second outcome was the need expressed by participants for the development of an inventory of past and existing activities in the region, which could serve as a useful tool to better understand the practical aspects of implementing the Declaration. Both of these issues are expected to be discussed in more detail at the 2008 Geneva Declaration Summit Meeting, scheduled to take place in Geneva on 12 September.

### 2. Armed violence

43. The current reporting period marks the conclusion in Costa Rica of the joint assistance project with UNDP entitled "Integral Approach to Armed Violence as a Public Health Problem". The project, funded by the Swedish International Development Agency, was instrumental in assisting the Government of Costa Rica in the elaboration of its National Plan for Violence Prevention and Promotion of Social Peace 2007-2010. The Centre collaborated with national authorities in the design of tailor-made initiatives in four selected cantons of the country (San José, Limón, San Carlos and Garabito) where the Government, UNDP and other entities had agreed to invest in prevention measures owing to evolving security needs.

44. Perhaps the most significant impact of this assistance was its contribution to the consolidation of the Costa Rican multisectoral national firearms commission. The project also played a catalytic role in encouraging different national actors to broaden their approach to armed violence issues and, in particular, to integrate health issues into public security activities. This constituted a shift in perception, on the part of both the Government and the society at large, on how to tackle the problems of armed violence. Moreover, the assistance expanded the relationship between various governmental and United Nations entities delivering as a "one United Nations system", thus contributing to a coherent and sustainable United Nations involvement in the country.

## D. Working towards mutual confidence

45. In addition to the national and transnational security issues posed by crime, illicit drugs and insurgencies, the region still witnesses significant State-to-State tensions. It is reported that in 2007, States of the region spent more than US$ 40 billion on purchases of weapons. The need to decrease military spending was recently addressed by the President of Peru, Alan García Pérez, during the Fifth Summit of Heads of State and Government of Latin America and the Caribbean and the European Union, held in Lima on 16 and 17 May 2008, as he called upon States to limit their military spending and redirect funds to meet the Millennium Declaration Goals.

46. Taking into account these concerns, the Centre has assisted States in the initial phases of the elaboration of national defence white papers, which serve to improve the security sector and enhance joint regional cooperation and assistance among neighbouring States. The Centre has also supported activities aimed at strengthening regional coordination for the prevention of biological and chemical weapons attacks.

### 1. Bioterrorism

47. In an effort to facilitate confidence-building measures, transparency and information exchanges, the Centre facilitated the organization of a training course for national officials on the prevention of bioterrorism and rapid reaction in the event of chemical and biological weapons attacks in seven countries in the region. The capacity-building course was conducted by INTERPOL in Lima from 7 to 11 April 2008.

48. The Centre's facilitating role in this process constituted a clear example of its effective role in building the capacity of and encouraging cooperation among the countries of the region.

### 2. Chemical Weapons Regional Assistance and Protection Network

49. During the reporting period, the Centre concluded its cooperation with the Government of Peru and the Organization for the Prohibition of Chemical Weapons in the development of a Chemical Weapons Regional Assistance and Protection Network, consisting of an online platform to gather information related to a country's capabilities, including services and equipment for protection in the event of a chemical weapons attack. The platform, initially envisaged as a regional network, will be employed by the National Council for the Prohibition of Chemical Weapons (Consejo nacional para la Prohibición de las Armas Químicas (CONAPAQ)) in Peru as a national assistance and protection information tool.

### 3. Defence white papers

50. The Centre provided assistance to the Government of the Dominican Republic in the drafting of a project proposal to elaborate its first defence white paper. The proposal, which has been submitted to interested donors, includes the use of the Centre's standardized guidelines and envisages the participation of parliamentarians and civil society in the process. This assistance promotes the standardization of defence policies and structures throughout the region and ensures greater transparency, both nationally and regionally.

## E. Related activities

### 1. Disarmament, demobilization and reintegration

51. The Centre, in collaboration with the Swedish National Defence College, organized two disarmament, demobilization and reintegration courses in Brazil (26-28 May 2008) and Peru (29-30 May and 2 June 2008), respectively. The courses targeted military and law enforcement personnel, national instructors of future peacekeeping personnel, as well as non-governmental organizations. Using the 2006 Integrated Disarmament, Demobilization and Reintegration Standards developed by

the United Nations system and partners, the College lectured on the Standards framework. The Centre was responsible for lectures introducing international disarmament instruments and best practices methodologies for weapons destruction.

52. It is worth noting that this was the first time, in both countries, that the Integrated Disarmament, Demobilization and Reintegration Standards were included in pre-mission training. The courses also presented an opportunity for the Centre to facilitate bilateral cooperation between the College and countries in the region for general peacekeeping training.

### 2. Peace education

53. The Centre concluded two technical assistance projects aimed at disseminating peacebuilding messages in Peru. For the fourth consecutive year, the Centre and a consortium of civil society partners led by Transparencia, were active in organizing *pasacalles*. In this event, children and youngsters from across the country come together to promote a "culture of peace" and civic values during the National Day festivities celebrated on 28 July 2007 in Peru. This nationwide project brings together municipal authorities, school district representatives and students.

54. The Centre also invited the United Nations Educational, Scientific and Cultural Organization (UNESCO) to participate in this event, which encouraged a fuller participation from the Ministries of Foreign Affairs and Education in the 2007 *pasacalles*. Together, all these institutions coordinated actions with a view to institutionalizing the celebration of the *pasacalles* to make them a sustainable activity in the coming years.

55. The Centre's activities to promote peace education also included co-sponsoring, with UNESCO and the United Nations Information Centre in Peru, the second International Peace and Development Education Workshop organized by the Instituto de Fomento de una Educación de Calidad (Institute to Promote Quality Education (EDUCA)) from 6 to 8 October 2007. The workshop brought together community leaders and educators from across the region and contributed to consolidating a network of over 1,200 participants involved in teaching peace and development concepts to children. The workshop raised awareness of the need to integrate disarmament as one of the themes in peace education materials and initiatives.

## IV. Staffing, financing and administration

56. The extensive review of the Centre's past and present programme of activities, referred to in paragraph 6 above, resulted in the elaboration of a four-year strategic plan for the period 2008-2011, which reaffirmed the identity of the Centre as a specialized regional centre for the promotion and execution of disarmament activities.

57. The strategic plan 2008-2011 also defined the four thematic areas of assistance and programming referred to in paragraph 5 above, namely, promotion of disarmament instruments and policymaking, public security, regional security and confidence-building, and disarmament advocacy. The areas of assistance identified in the strategic plan derive primarily from a widely perceived need to address the increase in the proliferation and transfers of illicit small arms and light weapons

throughout the Latin American and Caribbean region, which has resulted in a substantial increase in violence and insecurity in many States. The four areas are also based upon broadly accepted principles of international cooperation and the requirement to provide a corpus of integral tools and mechanisms to enable States to address the multifaceted security problems facing the region.

58. In parallel to the strategic review, the reporting period marked the end of important donor-funding cycles and long-term projects. At the request and recommendation of the Centre's donors, senior advisors assisted the Director of the Centre in the development of monitoring tools and in carrying out impact evaluations upon the conclusion of assistance programmes to States.

59. As a result of both the strategic review and the recommendations of donor evaluations, the Centre revised its human resources structure to fully implement its strategic plan.

60. The strategic plan 2008-2011 calls for the reprofiling of existing positions, as well as the creation of new functions. Such measures will ensure that the Centre continues to build its disarmament expertise in order to better serve regional disarmament needs. In this connection, four Associate Expert positions are currently available at the Centre. Filling these positions will greatly contribute to strengthening the Centre's human resources capacity.

61. In accordance with General Assembly resolution 41/60 J, the Centre was established on the basis of existing resources and voluntary contributions made by Member States and interested organizations for its core and programme activities. During the reporting period, voluntary contributions to the Centre's trust fund were received in the amount of $1,272,756.[1] The Secretary-General wishes to express his gratitude to the Governments of Colombia, Guyana, Mexico, Panama, Peru, Spain, Sweden, Turkey and the United Kingdom, as well as the Preparatory Commission for the Comprehensive Nuclear-Test-Ban Treaty Organization, for their generous financial contributions to and support of the activities of the Centre.

62. The timely provision of the annual financial contribution to the Centre from the Government of Peru is essential to ensure its continued operation. To date, the Centre has received Peru's committed contribution for 2007. The Secretary-General urges the host country's Government to continue to honour its commitment to provide financial and overall support to the Centre. Information on the status of the Trust Fund for the Centre for the biennium 2006-2007 is contained in the annex to the present report.

63. Complimentary funding in the amount of $342,536[2] was also made available for the Centre's activities ($108,566 from the Trust Fund for the Consolidation of

[1] For 2007: Mexico $5,000; Panama $1,000; Spain $269,100; Turkey $20,000; United Kingdom $222,401.38; and for 2008: Colombia $2,500; Preparatory Commission for the Comprehensive Nuclear-Test-Ban Treaty Organization $45,844.92; Guyana $1,014.77; Peru $30,000; Sweden $660,894.97; and United Kingdom $15,000.

[2] For 2007: $51,500 from the Trust Fund for the Consolidation of Peace through Practical Disarmament Measures (CASA); and $23,167 from the regular budget for official development assistance for security upgrades; for 2008: $57,066 from the Trust Fund for the Consolidation of Peace through Practical Disarmament Measures (CASA and International Tracing Instrument); $205,828 from the Trust Fund for Global and Regional Disarmament Activities (Convention on Certain Conventional Weapons and International Tracing Instrument); and $4,975 from the Trust Fund for the United Nations Disarmament Information Programme (CASA database).

Peace through Practical Disarmament Measures; $205,828 from the Trust Fund for Global and Regional Disarmament Activities; $4,975 from the Trust Fund for the United Nations Disarmament Information Programme and $23,167 from the regular budget of the Office for Disarmament Affairs for security upgrades). Through cost-sharing and in kind contributions by other United Nations agencies, as well as other governmental entities, the work of the Centre was made possible in 11 States, namely Bolivia, Brazil, Colombia, Costa Rica, Dominican Republic, Jamaica, Paraguay, Peru, Spain, Uruguay and the Bolivarian Republic of Venezuela. The Secretary-General wishes to express his gratitude for these complementary contributions in support of the activities of the Centre.

64. In support of the new strategic plan, the Centre and the Swedish International Development Agency signed a three-year strategic partnership agreement, committing financial resources for the pursuit of public security initiatives, including the establishment of three core programme staff positions. The agreement also reflects the Agency's long-term practice to support core staff positions so as to ensure the sustainability of the Centre. These positions include that of the Deputy Director, the Executive Coordinator and the Special Assistant.

65. Despite such positive developments, there is still a need for core funding. In particular, with the completion of a number of specific projects funded by donors, the challenge for the Centre will be to attract new funding to sustain its core staff and core programmatic expertise. Therefore, Member States may wish to consider alternative means of ensuring stable core funding. This would allow the Centre to focus on seeking funding for projects related to strategic regional disarmament issues. Lack of the necessary core financial resources could seriously hinder the Centre's ability to efficiently carry out its mandate and respond to the increasingly diversified and numerous requests from States.

## V. Observations and conclusions

66. The Centre has adjusted its organizational structure and operational approach with the adoption of the new strategic plan 2008-2011 in order to respond, in a rapid, flexible and cost-effective manner, to the ever-increasing and varying nature of requests made by States.

67. During the period under review, the Centre's main achievement was in strengthening cooperation within the regional law enforcement community, as evidenced by the notable increase in information-sharing activities, the adoption of standardized best practices and the establishment of permanent coordination entities in the context of activities undertaken by the Centre and its partners. Complementing the Centre's activities in this area, States and civil society organizations in the region made a determined commitment to enhance coordination and standardize training in the prevention of illicit firearms trafficking, with the understanding that such trafficking exacerbates the violence associated with terrorism, transnational organized crime and drug trafficking.

68. These achievements were made possible through the indispensable ownership and support of Member States, in particular those from the region, generous contributions from donor countries, as well as the Centre's strengthened partnerships with regional and intergovernmental organizations, and civil society.

69. Voluntary contributions, earmarked for specific activities, are essential for maintaining the Centre's proposed programme of activities. Nevertheless, core funding for the operation of the Centre is of equal importance to ensure ongoing progress in programme implementation in the areas of peace, disarmament and development.

70. The Secretary-General calls for the continued support and cooperation of Member States and organizations to sustain the effective operation of the Centre.

# Annex

## Status of the Trust Fund for the United Nations Regional Centre for Peace, Disarmament and Development in Latin America and the Caribbean for the biennium 2006-2007

(United States dollars)

| | |
|---|---|
| Fund balance, 31 December 2005 | 698 274 |
| Income, 1 January 2006-31 December 2007 | |
| Voluntary contributions* | 3 236 544 |
| Interest income | 161 421 |
| Other/miscellaneous income | 147 077 |
| **Subtotal** | **4 243 316** |
| Expenditures 1 January 2006-31 December 2007 | 2 992 370 |
| **Fund balance, 31 December 2007** | **1 250 946** |

*Note*: Information is based on the statement of income and expenditure for the biennium 2006-2007 ending 31 December 2007. During the period from 1 January to 30 June 2008, additional contributions totalling $755,255 were received from Colombia ($2,500), Guyana ($1,015), Peru ($30,000), Sweden ($660,895), the United Kingdom of Great Britain and Northern Ireland ($15,000); and the Preparatory Commission for the Comprehensive Nuclear-Test-Ban Treaty Organization ($45,845).

* 2006: Colombia ($4,143); Guyana ($1,020); Mexico ($5,000); Panama ($1,000); Peru ($60,000); Sweden ($507,731); the United Kingdom ($435,700); and the European Commission ($41,506).
2007: Colombia ($2,286); Mexico ($5,000); Panama ($1,000); Spain ($269,100); Sweden ($569,375); Turkey ($20,000); the United Kingdom ($455,293); and the European Commission ($858,390).

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Item 91 (d) of the provisional agenda*
**General and complete disarmament**

# Disarmament and non-proliferation education

## Report of the Secretary-General

*Summary*

The present report is submitted pursuant to resolution 61/73, in which the General Assembly requested the Secretary-General to prepare a report reviewing the results of the implementation of the recommendations of the United Nations study on disarmament and non-proliferation education and possible new opportunities for promoting disarmament and non-proliferation education. It contains information from Member States, international and regional organizations, non-governmental organizations and academic institutions on the implementation of the 34 recommendations of the United Nations study.

* A/63/150.

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# I. Introduction

1. In paragraph 2 of its resolution 61/73, entitled "United Nations study on disarmament and non-proliferation education", the General Assembly requested the Secretary-General to prepare a report reviewing the results of the implementation of the recommendations and possible new opportunities for promoting disarmament and non-proliferation education, and to submit it to the General Assembly at its sixty-third session. Recommendation 32 of the United Nations study encouraged the Secretary-General to prepare a biennial report along the same lines.

2. Recommendation 31 of the study, inter alia, encouraged Member States to inform the Office for Disarmament Affairs on steps taken to implement the recommendations contained in the report.

3. The present report contains information compiled by the Secretary-General on the implementation of the recommendations of the study by Member States, the United Nations and other international, regional and non-governmental organizations. It should be read in conjunction with the 34 recommendations of the United Nations study (A/57/124). Pursuant to United Nations guidelines on limiting documentation, the information contained in the report, as well as additional material, is available on the Disarmament education website, at http://disarmament.un.org/education-new/index.html.

# II. Implementation of the recommendations by Member States

## A. Replies received from Member States

### Cambodia

[Original: English]
[20 May 2008]

**Recommendations 1 and 13**

The Royal Government of Cambodia has been committed to disarmament by introducing a number of activities, laws and regulations as follows:

1. The Royal Government of Cambodia has been providing training to technical military staff in order to enable them to safely control and store weapons and ammunition. The training has been conducted by foreign experts.

2. Royal Decree No. NS/RKM/0605/016 dated 1 June 2005 on the promulgation of the law on controlling weapons and ammunition went into force.

3. Weapons for military armed forces have been registered through the computer system and have been securely and technically stored in new warehouses.

4. The Royal Government issued Decision No. 212 SSR dated 10 April 2006 on the establishment of the national committee on weapons and ammunition.

5. The Royal Government of Cambodia has provided public education on weapons and ammunition in collaboration with the Government of Japan and the European Union. With these efforts on disarmament, so far, 212,735 units of arms have been destroyed.

**Italy**

[Original: English]
[9 May 2008]

**Recommendations 1, 13**

1. The Ministry of Foreign Affairs promoted initiatives aimed at fostering international debate and raising public awareness of the threat posed by weapons of mass destruction, in cooperation with research centres and attended by representatives of governmental and international organizations as well as international experts and practitioners as follows:

(a) Operating Aspects of the Joint Project Organisation for the Prohibition of Chemical Weapons International Union of Pure and Applied Chemistry. Chemical Education and Outreach, with the Bologna Academy of Sciences and the Organisation for the Prohibition of Chemical Weapons (OPCW), the International Union of Pure and Applied Chemistry (IUPAC) and the Italian Chemical Society, Bologna, 22 September 2006;

(b) The Challenges of Disarmament and Non-Proliferation, with the Institute for International Policy Studies, Milan, 12 October 2006;

(c) Third OPCW Workshop to Promote the Universality of the Chemical Weapons Convention among States in the Mediterranean Basin, the Middle East, and Neighbouring Regions, Rome, 25-27 October 2006;

(d) The Comprehensive Nuclear-Test-Ban Treaty 10 Years After, with the Institute for International Policy Studies, Milan, 14 December 2006;

(e) Weapons Threats and International Security: Rebuilding an Unravelled Consensus, with the Century Foundation, New York, 28 February 2007;

(f) The Tenth Anniversary of the Chemical Weapons Convention: Assessment and Perspectives, with the Institute for International Affairs, Rome, 19 April 2007;

(g) The Non-Proliferation Treaty at the Crossroads between International Crises and Future Prospects, with *Archivio Disarmo* and the participation of the Director General of the International Atomic Energy Agency (IAEA) and the Italian Foreign Minister, Rome, 7 June 2007;

(h) Urging Entry into Force: the 2007 Comprehensive Nuclear-Test-Ban Treaty Article XIV Conference, with the Institute for International Policy Studies, Milan, 13 July 2007;

(i) Managing Non-Proliferation and Disarmament in the XXI Century: the Key Role of the Comprehensive Nuclear-Test-Ban Treaty, with the Landau Network-Volta Centre, Rome, 5 November 2007;

(j) The Proliferation of Weapons of Mass Destruction and International Humanitarian Law — Current Challenges, Effective Responses, with the International Institute of Humanitarian Law, San Remo, 16 November 2007;

(k) The Impact of Science and New Technologies on the Convention on Chemical Disarmament, with the Bologna Academy of Sciences and Rome University "La Sapienza", Rome, 29 November 2007;

(l) The Chemical Weapons Convention between Disarmament and International Humanitarian Law, with the International Institute of Humanitarian Law, San Remo, 15 February 2008.

**Mauritius**

[Original: English]
[17 July 2008]

[Summary] Mauritius has no history of war or civil insurrection and does not hold large stocks of arms and ammunition.

It has not so far initiated any action to implement the recommendations of the United Nations study but believes that the Mauritius police force and the public at large should equally be involved in its implementation.

**Netherlands**

[Original: English]
[13 June 2008]

**Recommendations 1, 6 and 13**

The Netherlands is working on a programme with Dutch Universities to grant three scholarships to PhD students pursuing research on non-proliferation. We believe that topical research with policy implications will be of great importance to the field of non-proliferation. The pursuit of knowledge in this field is crucial to strengthening participation in international disarmament forums. The Netherlands is taking this step now because it is important to use the current attention to disarmament in order to give a fresh impetus to the debate on disarmament and non-proliferation. All countries need to work together to move the discussion forward.

**Qatar**

[Original: English]
[6 May 2008]

**Recommendations 1 and 31**

1. The State of Qatar created the National Committee for the Prohibition of Weapons by Council of Ministers decision no. 26 (2004). The Committee's mandate includes, as provided for in paragraph 7 of article 4 of the resolution establishing the Committee, the creation and implementation of necessary programmes to raise awareness of the substance of international arms control treaties.

2. The Committee has organized a number of workshops for those in production sites in order to raise awareness of arms control activities.

3. The Committee plans to expand the education programme so that it reaches educational institutions, governmental and non-governmental organizations and production sites with which no prior contact has been established.

4. The Committee will contact international and other related organizations such as the International Atomic Energy Agency, the Organisation for the Prohibition of

Chemical Weapons, the United Nations Institute for Disarmament Research, the University for Peace and the Preparatory Commission for the Comprehensive Nuclear-Test-Ban Treaty Organization.

5. The Committee disseminates information to the public through good relations with the media, in particular the press, to raise awareness in the field of disarmament and non-proliferation education.

**Spain**

[Original: Spanish]
[15 July 2008]

Spain greatly appreciates the contents of the report of the Secretary-General concerning recommendations on disarmament and non-proliferation education (A/57/124).

As far as Spain is concerned, with regard solely to training through the Ministry of Defence, disarmament and non-proliferation education is generally provided at all levels of instruction (basic and advanced training and advanced defence studies), in the context of curricula relating to strategy, security and defence. The commanding officers of the Armed Forces are thus appropriately knowledgeable about and aware of these issues.

The Ministry of Defence also has extensive responsibility for transmitting these values to the rest of society. Article 31 of Organic Law 5/2005 of 17 November concerning national defence, purposely establishes that the Ministry of Defence will promote the development of the defence culture so that Spanish society can be familiar with and appreciative of its history and identify with it and with the cooperative and effective effort made by the Armed Forces to protect the national interests.

Accordingly, among the guidelines for the development of defence policy at the national level, and with regard to cooperation between the Ministry of Defence and other agencies, National Defence Directive 1/2004 establishes the need to: "Improve the level of culture regarding security and defence in Spanish society. For this purpose, the Government, on the proposal of the Ministry of Defence and in coordination with other government agencies, will publicize the role and necessity of defence, in order to promote greater public involvement and permit the exercise of the right and duty to defend Spain, which the Constitution entrusts to Spaniards."

Disarmament and efforts to combat the proliferation of weapons of mass destruction are part of the main thrust of the defence policy that has remained constant over recent decades and are also central elements in Spain's foreign policy. For these reasons, disarmament and non-proliferation issues are part of the above-mentioned security and defence culture.

In connection with this promotion of a general defence culture, it should be noted that Spanish government officials (especially from the Ministries of Foreign Affairs and Cooperation, Defence, Interior, Industry, Tourism and Trade, and Development) regularly take part in seminars, lectures or post-graduate studies on disarmament and non-proliferation.

The activities of this kind organized by the Ministry of Defence are coordinated and financed, to varying degrees, through the Ministry's own

institutions such as the Spanish Strategic Studies Institute (IEEE) or under collaborative agreements with various universities and public and private institutions pursuing the same goals. The activities go beyond teaching and place great emphasis on research, not forgetting international cooperation.

The main centres providing disarmament and non-proliferation instruction are:

**Spanish Strategic Studies Institute (part of the Ministry of Defence)**

This Institute is specifically entrusted with promoting the defence culture and therefore organizes and finances several collaborative agreements between the Ministry of Defence and various civil society organizations.

**"General Gutiérrez Mellado" Academic Institute**

An institution established by agreement between the National University of Distance Learning (UNED) and the Ministry of Defence. It offers various post-graduate programmes (doctorate, master's, university specialist and expert), with flexible and modular arrangements. Disarmament and non-proliferation are included, in general terms, in various courses relating to peace, security and defence. However, there are courses dealing specifically with disarmament and non-proliferation.

**Centre for Advanced National Defence Studies (part of the Ministry of Defence)**

This is the centre for advanced defence studies. These include the course on the Supreme Command of the Armed Forces, taught by several officers from the three military branches, and the curricula cover issues relating to non-proliferation and disarmament.

In addition, a Master's in Security and Defence, also covering these issues, is offered in cooperation with the Complutense University, Madrid.

Verification is a fundamental aspect of disarmament. A system of verification at various stages of command has been set up within the Ministry of Defence. The core of this system is the Spanish Verification Unit, which participates in various training activities connected with arms verification and control.

## B. First Committee

**Recommendations 1 and 33**

4. During the general debate in the First Committee at the sixty-second session of the General Assembly, Japan recalled its efforts in the field of education on disarmament and non-proliferation, including the convening of an annual United Nations Conference on Disarmament Issues, which in 2007 took place in Sapporo, Japan, and its annual invitation to Japan of the United Nations Disarmament Fellowship Programme. Japan encouraged other Member States to implement the recommendations in the United Nations study on education on disarmament and non-proliferation (A/57/124) and to share information in the First Committee on the efforts undertaken in this regard.

## C. Preparatory Committee for the 2010 Review Conference of the Parties to the Treaty on the Non-Proliferation of Nuclear Weapons

**Recommendations 1 and 13**

5. In 2007, at the first session of the Preparatory Committee for the 2010 Treaty on the Non-Proliferation of Nuclear Weapons Review Conference, Japan submitted a working paper on its efforts in disarmament and non-proliferation education (NPT/CONF.2010/PC.1/WP.3; see www.un.org/NPT2010/documents.html). Japan outlined the launch of "New Initiatives on Disarmament and Non-Proliferation Education" that included a student debating cup on disarmament and non-proliferation and the use of manga comics and animation to promote understanding of these issues. At the same meeting, Mexico submitted its national report on the steps taken to implement the United Nations study (NPT/CONF.2010/PC.I/6; see www.un.org/NPT2010/documents.html). Among other themes, Mexico underlined the active role it played in promoting the inclusion of the issue of education on disarmament and non-proliferation in the agenda of various international and regional forums, such as the Organization of American States and the Agency for the Prohibition of Nuclear Weapons in Latin America and the Caribbean.

6. In 2008, at the second session of the Preparatory Committee for the 2010 Treaty on the Non-Proliferation of Nuclear Weapons Review Conference, Japan submitted a working paper promoting disarmament and non-proliferation education. It referred, inter alia, to the United Nations Cyberschoolbus website on peace education as a tool for sharing information. (NPT/CONF.2010/PC.II/WP.9; see www.un.org/NPT2010/SecondSession/documents.html)

7. The Chairmen's working papers, factually summarizing the consideration of the issues at the first and second sessions of the Preparatory Committee (NPT/CONF.2010/PC.I/WP.78, see www.un.org/NPT2010/documents.html and NPT/CONF.2010/PC.II/WP.43, see www.un.org/NPT2010/SecondSession/documents.html) reported that States parties were encouraged to undertake concrete activities to implement the recommendations contained in the 2002 United Nations study and to share information thereon.

# III. Implementation of the recommendations by the United Nations and other international organizations

## A. United Nations Office for Disarmament Affairs

**Recommendations 2 and 4**

8. In 2008, United Nations Office for Disarmament Affairs co-sponsored the World Federation of United Nations Associations educational programme entitled "Students for a nuclear-weapons-free world", in preparation for the 2010 Treaty on the Non-Proliferation of Nuclear Weapons Review Conference. The winners of the essay competition were honoured at a seminar in Geneva at which the High Representative for Disarmament Affairs delivered a video message on 14 July.

**Recommendation 7**

9. In May 2007, the United Nations Regional Centre for Peace and Disarmament in Africa organized a series of lectures on the challenges to disarmament in Africa. Consequently, the Department of Sociology of the University of Lomé included in its programme lectures on conflict prevention. Students also established a network of "peer educators" to communicate messages of peace, security and disarmament.

**Recommendation 14**

10. In December 2006, United Nations Regional Centre for Peace and Disarmament in Africa established a "Youth forum for peace and disarmament in Africa", for researchers and students from secondary, university and post-university levels, which has become part of the Centre's activities.

11. In July 2007, the United Nations Regional Centre for Peace and Disarmament in Africa organized a one-day retreat in Togo for young political leaders to identify the means by which they could promote a culture of peace, conflict prevention and disarmament. In October 2007, the participants at the retreat created a new non-governmental organization called "Young Political Leaders' Observatory for Non-Violence and Peace in Togo".

12. Additional information, including on capacity-building activities undertaken by the Office for Disarmament Affairs in the areas of small arms and light weapons and weapons of mass destruction and by the Committee established by Security Council resolution 1540 (2004) are available in separate reports that will be submitted to the General Assembly at its sixty-third session (reports of the Secretary-General on the United Nations Regional Centre for Peace, Disarmament and Development in Latin America and the Caribbean, on the United Nations Regional Centre for Peace and Disarmament in Africa, on the United Nations Register of Conventional Arms, the consolidated report of the Secretary-General to the General Assembly on small arms and the report of the Committee established pursuant to resolution 1540 (2004)).

**Recommendation 17**

13. The United Nations Regional Centre for Peace, Disarmament and Development in Latin America and the Caribbean and a consortium of civil society partners led by Transparencia launched a national journalism contest inviting journalists to cover the peacebuilding messages of the National Day Festivities on 28 July 2007 in Peru.

14. On 18 July 2007, the United Nations Regional Centre for Peace and Disarmament in Africa organized a retreat for journalists from public and private media agencies in Togo focusing on the role of the media in fostering conflict prevention, disarmament and arms control.

**Recommendation 19**

15. The Office for Disarmament Affairs continued to organize the United Nations programme of fellowships on disarmament, on which a separate report is being submitted to the General Assembly at its sixty-third session (A/63/129).

**Recommendation 21**

16. In 2007, the United Nations, in association with the Smithsonian Folkways Recordings, published "Nobel Voices for Disarmament 1901-2001", a documentary audio book on compact disc, narrated by the United Nations Messenger of Peace, Michael Douglas. This audio documentary highlights the disarmament movement of the twentieth century through interviews conducted especially for this project, as well as archival recordings of many of the Nobel Peace Prize laureates whose work in disarmament was pivotal. Efforts are under way in the Office for Disarmament Affairs to make the compact disc available on the United Nations Cyberschoolbus website, with expanded content and an interactive format.

**Recommendation 23**

17. From 6 to 8 October 2007, the United Nations Regional Centre for Peace, Disarmament and Development in Latin America and the Caribbean and the United Nations Educational, Scientific and Cultural Organization (UNESCO) co-sponsored in Lima the second International Seminar on Peace and Development Education organized by the Institute to Promote Quality Education. The Seminar brought together community leaders and educators from across the region. During this seminar, the Centre's Bupaz cartoon character was brought to life as an adult-size Disney-type character and interacted with the children who were invited to take part in the event. The Bupaz character had appeared for the first time in May 2007 on the cover of a music digital video disc of Paraguayan children singing for peace.

**Recommendation 24**

18. In New York and Geneva, the Office for Disarmament Affairs trained more than 65 graduate and undergraduate students, who participated in various university-related internship programmes. Since August 2007, the Regional Centre has established an internship programme that trained eight interns from universities and colleges in Africa, Europe and the Americas.

**Recommendation 25**

19. In August 2007, the Office for Disarmament Affairs launched the website "Disarmament Education, Resources for Learning" featuring disarmament education material from the United Nations, other international organizations and non-governmental organizations (NGOs), including a section for use in the classroom by teachers or students (see http://disarmament.un.org/education-new/index.html).

**Recommendation 26**

20. In August 2006, the United Nations Regional Centre for Peace and Disarmament in Africa and "A nous la planète", a local non-governmental organization engaging children in promoting a culture of peace in Africa, jointly launched a programme entitled "Promoting human security: the role of youth" to sensitize the public through the organization of television programmes on themes related to peace, security and disarmament in Africa. To date, three television programmes were telecast on "Children and armed conflicts in Africa", "Women and armed conflicts in Africa", and "The principles of the culture of peace and non-violence".

21. On the margins of the sixty-second session of the General Assembly in 2007, on the First Committee, three films were shown for delegates, members of missions, United Nations staff, non-governmental organizations and journalists.

22. On 15 October 2007, the Office for Disarmament Affairs sponsored, with HBO Documentary Films, a screening of *White Light, Black Rain: the Destruction of Hiroshima and Nagasaki*. Mr. Steven Okazaki, the director of the film, and Mrs. Shigeko Sasamori, a survivor of the attack (known as *hibakusha*) were present and made remarks. Additionally, Mrs. Sasamori participated in a live video chat with teachers and schoolchildren under the auspices of the United Nations Cyberschoolbus.

23. On 22 October, a screening was held of *The Final Frontier: Explorers or Warriors?*, addressing the issue of weapons in space. The event was sponsored by the Global Security Institute, the Secure World Foundation and the Office for Disarmament Affairs. Mr. Steven Sotor and Mr. Trace Gaynor, the two 15-year-old directors of the film, were present and took questions from the audience, which included the Chairman of the United Nations Committee on the Peaceful Uses of Outer Space and the Swedish representative who coordinated the activity of the Conference on Disarmament on the issue of preventing an arms race in outer space.

24. On 25 October, the Office for Disarmament Affairs, the Permanent Mission of Japan, the NGO Committee on Disarmament, and Mushi Production sponsored a screening of the animated film *Nagasaki 1945 — Angelus Bell*, directed by Mr. Seiji Arihara, depicting the experiences of a young doctor during the bombing of Nagasaki as he and his patients begin to awaken to the new type of destruction that atomic radiation represented. The director attended the screening, which also benefited from the financial support of the Japan Foundation.

**Recommendation 29**

25. From 8 to 10 August 2007, the Office for Disarmament Affairs joined the Department of Economic and Social Affairs, the Department of Public Information, and the United Nations Development Programme (UNDP) in sponsoring an educational symposium in celebration of the twenty-fifth anniversary of the International Institute on Peace Education.

26. On 15 October 2007, the Office for Disarmament Affairs together with the Department of Public Information and the United Nations Institute for Disarmament Research, organized a meeting of the Inter-Agency Group on disarmament and non-proliferation education on the margins of the First Committee at the sixty-second session of the General Assembly.

27. At the same meeting, the Office for Disarmament Affairs launched with the Department of Public Information the educational website on the United Nations Cyberschoolbus (see paras. 29-32).

**Recommendation 30**

28. The Office for Disarmament Affairs and the United Nations Institute for Disarmament Research continued to brief the Advisory Board on Disarmament Matters on a biennial basis on education and training work.

## B. Department of Public Information

**Recommendations 2, 18 and 25**

29. On 15 and 26 October 2007, the Department of Public Information and the Office for Disarmament Affairs launched an educational disarmament and non-proliferation website on the United Nations Cyberschoolbus site, in support of the recommendations made by the 2002 United Nations study, which called for increased disarmament and non-proliferation online content (see http://cyberschoolbus.un.org/dnp/).

30. The website provides teachers and students from late middle school to early college with lesson plans and activities for the classroom. In conjunction with the launch of the website, a live video chat was conducted with a survivor of the atomic bombing of Hiroshima.

31. The Office for Disarmament Affairs and Department of Public Information are currently expanding the disarmament and non-proliferation site with additional interactive capacities and activities, with a view to emphasizing the youth perspective. The Office for Disarmament Affairs and Department of Public Information are working, inter alia, (a) to maintain and expand the Ask an Hibakusha activity; (b) to develop several new lesson plans; (c) to develop a toolkit for students to include suggestions on how to set up clubs, sponsor debates, or undertake other forms of community action; and (d) to make lessons available on video for download by teachers.

32. In order to advertise the website on disarmament and non-proliferation education (http://cyberschoolbus.un.org/dnp/) within the Cyberschoolbus portal, the Office for Disarmament Affairs together with Department of Public Information published in May 2008 a standard sized (5" x 7") post card for distribution to the general public.

## C. United Nations Institute for Disarmament Research

**Recommendations 3, 4 and 21**

33. Since 2006, UNIDIR has prioritized the implementation of recommendations 4 and 21 of the 2002 study (increased dissemination of education materials and utilization of new communication technologies). In this regard, increasing numbers of presentations at UNIDIR events are available for download or audio streaming from the UNIDIR website. Of particular interest, the Institute recently held a seminar on disarmament and non-proliferation education during the 2008 Treaty on the Non-Proliferation of Nuclear Weapons Preparatory Committee, which featured the testimony of two *hibakusha*, as well as disarmament and non-proliferation educators. The presentations made at the seminar are available from the UNIDIR website (www.unidir.org/education_en).

34. The Institute has also expanded distribution of its materials through online social networking sites, podcasts and blogs. For example, the blog "Disarmament Insight" (www.disarmamentinsight.blogspot.com) is an element of the UNIDIR project "Disarmament as Humanitarian Action: Making Multilateral Negotiations Work". It offers accessible analysis on disarmament and human security issues,

focusing on new research, current events and future trends. The site also includes podcasts of various Disarmament as Humanitarian Action events.

35. In addition, UNIDIR has been focusing on increasing the number of materials available in French and has prioritized, subject to the availability of funds, translation of key studies. Recent French editions include *International Assistance for Implementing the United Nations Programme of Action on the Illicit Trade in Small Arms and Light Weapons in All Its Aspects: Case Study of East Africa,* and *Coming to Terms with Security: A Lexicon for Arms Control, Disarmament and Confidence-Building* (both available electronically). The UNIDIR quarterly journal, *Disarmament Forum*, now in its ninth year, continues to be published in its entirety in French and English.

36. Many of UNIDIR education-related activities that were described in the Secretary-General's reports A/59/178 and A/61/169 continue and are not repeated here. More detailed information about specific aspects of UNIDIR education activities, are available in the UNIDIR annual report transmitted to the General Assembly or on the website at www.unidir.org.

## D. Preparatory Committee for the Comprehensive Nuclear-Test-Ban Treaty Organization

**Recommendations 2, 3, 4, 13 and 21**

37. The Comprehensive Nuclear-Test-Ban Treaty Organization education activities have focused increasingly on the electronic dissemination of information to targeted audiences with the public website as the focal point and e-mail alerts as a key means of distribution. In June 2008, an electronic newsletter was launched, which presents targeted audiences with brief information on issues of interest and directs them to the complete stories.

38. In addition, the new and revamped website will in the future feature a youth area designed to interest the younger generation in test-ban-related issues. This section will contain material for teachers to use in classes on relevant subject matters.

39. The CTBTO information and education strategy has also been reshaped by putting more focus on the promotion of the Treaty and the work of the CTBTO to specially targeted audiences.

40. The CTBTO also places new emphasis on active cooperation with NGOs and think tanks, for example, on the upcoming integrated field exercise to test the onsite inspection regime, to take place in Kazakhstan in September 2008. Specialist writers of disarmament NGOs have been invited to ensure special international coverage.

41. The database of media and NGOs as well as of scientific and academic institutions was expanded and targeted to promote the entry into force and universalization of the Treaty through awareness-raising.

42. Outreach has also been conducted through various international cooperation activities with emphasis on those States that have not yet signed or ratified the Treaty. Training and education programmes have been carried out to raise awareness of the Treaty obligations for Member States, as well as of the benefits of the civil and scientific uses of the Treaty's verification technologies.

43. The e-learning project is a major effort towards capacity-building in Member States to enable them to fulfil their verification responsibilities under the Treaty. The e-learning facility will provide interactive training and self-study on a wide range of verification-related topics. First and foremost e-learning is addressed to all those that lend their expertise and assistance to the Treaty verification effort, i.e., station operators and national data centre staff in signatory States.

44. The CTBTO has increased the participation of students with a background in political affairs with emphasis on disarmament issues in advocacy work by hiring interns. This has helped in getting a fresh and youth-oriented look at public information material.

45. In 2006, the CTBTO in cooperation with the Government of Austria for the first time held a scientific symposium entitled "CTBT: Synergies with Science, 1996-2006 and Beyond" to increase interaction between the global scientific community and the CTBTO.

46. The success of this increased interaction with the global scientific community is shown by a new initiative that has already attracted worldwide interest. The International Scientific Studies Project was launched in February 2008 with the participation of over 100 scientists from 33 countries. The International Scientific Studies Project will evaluate the capabilities and the level of readiness of the Treaty verification system through independent studies and assessments conducted by scientific institutions worldwide. Findings will be presented at an international scientific conference in June 2009, in Vienna.

47. The CTBTO has also increased the number of briefings and presentations. Participants at such briefings have included not only representatives from States, media and NGOs, but also university students as well as secondary/high school students. The CTBTO has briefed the United Nations Disarmament Fellowship Programme participants every year in Vienna.

48. A documentary film entitled: "CTBT: For a Safe and Secure World" has been produced by the CTBTO. The CTBTO also designed an exhibition depicting how the Comprehensive Nuclear-Test-Ban Treaty verification regime works, that has already been displayed at various non-proliferation and disarmament seminars and workshops in Vienna, Geneva and Washington.

49. Certain printed information materials such as the objective and activities leaflet, which gives an at-a-glance overview of the Treaty and its verification regime, were produced in the six United Nations official languages. A range of various information materials covering different aspects of the Treaty and its verification regime were produced for use in different outreach and educational activities. *CTBTO Spectrum*, the CTBTO print publication, continues to be distributed in print and electronically to a wide variety of targeted audiences worldwide, including scientific and academic institutions.

## E. International Atomic Energy Agency

**Recommendations 2, 3, 5 and 22**

50. The IAEA has an ongoing policy and practice of promoting nuclear non-proliferation education both directly and indirectly. The IAEA Director General regularly gives speeches around the world at universities, associations, think tanks and other venues on nuclear-energy-related issues. IAEA staff also regularly make presentations at international scholarly conferences and other meetings worldwide, including numerous interviews with print and electronic media. In addition, the IAEA conducts numerous briefings for parliamentary, government, think-tank and other groups visiting its offices. The IAEA hosts periodic seminars for invited representatives of NGOs and it conducts educational seminars for diplomats and journalists with a view to enhancing their understanding of IAEA activities.

51. Outreach efforts are also conducted in conjunction with the implementation of IAEA General Conference resolutions on strengthening global cooperation in the areas of nuclear education and training aimed at preserving knowledge in the nuclear area, sustaining nuclear infrastructures and fostering science, technology and engineering for enhancing nuclear safety and security.

52. IAEA publications include a quarterly journal, informative brochures, thematic reports, articles and opinion pieces written by the Director General and other IAEA staff. Overall, 177 publications and newsletters were issued (in print and electronic formats) in 2007, many of which relate to nuclear non-proliferation and verification. More information is available on the website at www.iaea.org, which in 2007 received on average of more than 12 million visits per month. In the same year, some 11,300 visitors consulted selections from the 1.2 million documents, technical reports, standards, conference proceedings, journals and books available at the IAEA Library in Vienna. The IAEA has also produced, in all United Nations languages, a number of videos illustrating its activities, including those carried out in the field of nuclear verification.

53. The IAEA provides opportunities for internships in many areas of work to persons studying towards a university degree or who have recently received a degree. In 2008, two interns were part of the IAEA delegation to the second session of the Preparatory Committee for the 2010 Review Conference of the Treaty on the Non-Proliferation of Nuclear Weapons.

## F. International Committee of the Red Cross

**Recommendations 2, 5 and 26**

54. The promotion and development of international humanitarian law are core activities of the International Committee of the Red Cross (ICRC) and a large part of its work involves preventing or mitigating the harm caused by weapons used in armed conflicts. These efforts are relevant, and often complementary, to work carried out in the field of disarmament and non-proliferation education.

55. Since 2006, the ICRC has developed a number of documents seeking to promote or develop new norms of international humanitarian law in the field of arms, among them, the "Exploring Humanitarian Law Virtual Campus" (2007), providing teachers at the secondary level with programme-related news,

information, teaching aids and distance-learning tools. More information is available at www.icrc.org.

## G. Organisation for the Prohibition of Chemical Weapons

**Recommendations 2, 3 and 4**

56. The OPCW produces several regular print publications for stakeholders and the general public. The quarterly journal *Chemical Disarmament* offers updates and perspectives on implementation of the Chemical Weapons Convention globally. Three regional booklets on OPCW activities in Africa, Asia, and Latin America and the Caribbean are updated on a yearly basis. Also, information on chemical disarmament and non-proliferation is available in Arabic, Chinese, English, French, Spanish and Russian on the OPCW website.

57. The OPCW website is being significantly upgraded for relaunch in August 2008 with a view to increasing the quantity of information materials in the six official languages of OPCW.

**Recommendation 8**

58. In 2007, the thematic focus of the annual global meeting of OPCW National Authorities was the sensitization of parliamentarians about the need for early adoption of national legislation for the Chemical Weapons Convention, and the importance of parliamentary oversight for national implementation. OPCW organized a regional meeting for parliamentarians of States parties in Latin America and the Caribbean in July 2007 in Bogota and one in Buenos Aires in July 2008. National awareness workshops have been held for parliamentarians in Liberia, Peru and Uganda.

**Recommendation 13**

59. The OPCW organized specialized workshops for customs officials involved with the transfer of chemicals under the Chemical Weapons Convention. These workshops provided information on best practices and an opportunity to discuss related issues among the participants themselves and with the OPCW Technical Secretariat. Regional workshops were held in Croatia for Member States in eastern Europe, and in Viet Nam and Zambia for the Association of Southeast Asian Nations and Southern African Development Community member States, respectively. National workshops have been held in Bangladesh, Sri Lanka and Yemen.

60. The OPCW provided skills development training for analytical chemists from Member States with economies that are either developing or in transition. The training enables participants to acquire further experience and practical knowledge in the analysis of chemicals related to the Chemical Weapons Convention. During the past two years, OPCW organized nine such training sessions that benefited over 120 participants.

61. In addition, the OPCW supports the exchange of scientific and technical information of relevance to the CWC and the peaceful applications of chemistry. In recent years, the OPCW has facilitated the participation of scientists and technical personnel in conferences and seminars, and funded small-scale research projects and

fellowships for chemical scientists and engineers from research institutions, laboratories and recognized universities.

**Recommendation 19**

62. To strengthen competence and technical capabilities for the analysis of chemicals related to the Chemical Weapons Convention, OPCW has provided modern analytical instrumentation and on-the-job training to five publicly funded chemical laboratories in developing countries. On-site training was also provided to another six laboratories to enable establishment of an adequate quality assurance system for analysing chemicals related to the Convention.

**Recommendation 20**

63. The OPCW Secretariat maintains a reference library with a full-text database that includes more than 7,000 titles relating principally to chemical disarmament and non-proliferation. The library provides services to OPCW staff members, and is also accessible to academics, researchers, NGOs and visitors on advance request.

**Recommendation 24**

64. The OPCW hosts an average of more than 20 undergraduate and graduate-level student interns each year, in a wide variety of areas as part of their degree requirements. It also has a student work training programme that offers shorter-term non-degree assignments to 10 to 15 students per year, usually during the holiday period.

65. In addition, OPCW manages an external internship programme that places participants in host chemical industries for on-the-job training in activities relevant to the Chemical Weapons Convention, which allows them to gain practical experience with the functions of an international treaty organization.

**Recommendation 26**

66. A public service announcement concerning the Chemical Weapons Convention was made available for broadcast to global and regional television networks and for use on the Internet. The Organisation also maintains stock video of its disarmament and non-proliferation activities for producing video news releases, B-rolls and other audiovisual products, and which is available on request to documentary filmmakers.

## H. Organization of American States

**Recommendation 5**

67. On 15 November 2007, the OAS Committee on Hemispheric Security met to discuss disarmament and non-proliferation education and invited the Chairman of the Expert Group, Mr. Marín Bosch, as well as the United Nations Office for Disarmament Affairs to make a presentation on the subject (more information is available at http://scm.oas.org/doc_public/SPANISH/HIST_07/CP19169T04.doc).

# IV. Implementation of the recommendations by civil society and non-governmental organizations

## A. Asociación de Lucha para el Desarme Civil

**Recommendations 4 and 22**

68. In May 2008 the first international forum "Des-Armando Uruguay-Armas de fuego, protección o riesgo?" took place in Uruguay, organized by the Asociación de Lucha para el Desarme Civil and the Instituto de Estudios Legales y Sociales del Uruguay, under the auspices of the Office of the Chairperson of the Chamber of Representatives and the International Action Network on Small Arms and with the support of the Swedish Fellowship of Reconciliation.

## B. Antennes de paix

**Recommendations 12 and 22**

69. In 2007, Antennes de paix held a series of conferences on the need for a comprehensive arms trade treaty (at the Oratory of St. Joseph on Mont Royal, on the occasion of the Quebec Social Forum, and at the annual Youth Assembly of Amnesty International's Quebec section). A session on arms control was also offered at the Ahunsic College in Montreal on 13 March 2008.

## C. Ban All Nukes generation

**Recommendations 22 and 23**

70. In May 2007, about 25 young people represented Ban All Nukes generation at the first session of the Preparatory Committee for the 2010 Treaty on the Non-Proliferation of Nuclear Weapons Review Conference, where they gave a speech at the plenary meeting. BANg also sent a youth delegation of 80 participants to the second Session of the Preparatory Committee.

71. In June 2007, BANg made available the multilingual DVD *Genie in a Bottle — Unleashed*, with the short film of the same title, made by two 13-year-old boys from the United States of America, on the story of the nuclear genie, the Manhattan Project and Hiroshima and Nagasaki.

72. In March 2008, BANg and the German educational project "Nuclear Weapons Policy: Learn — Experience — Participate" published an educational poster "Nuclear Weapons in Europe" for use in schools and at workshops in English and German.

## D. Bonn International Center for Conversion

**Recommendations 4, 17 and 22**

73. Since 2006, Bonn International Center for Conversion has delivered targeted capacity-building courses on small arms control and disarmament, demobilization and reintegration for the Government of Southern Sudan and members of its civil society. More information is available at www.bicc.de/sudan.

74. In July 2006, Bonn International Center for Conversion co-founded and co-chaired the Integrated Disarmament, Demobilization and Reintegration Training Group aimed at delivering courses for disarmament, demobilization and reintegration practitioners, planners, trainers and policymakers on training material and resources developed according to the United Nations Integrated DDR Standards www.iddrtg.org.

75. Bonn International Center for Conversion has also developed, in cooperation with the Kofi Annan International Peacekeeping Training Centre, and with the support of the German Agency for Technical Cooperation, a training manual (forthcoming) on small arms and light weapons control in West Africa. This publication was validated at a small arms control expert workshop in Accra in April 2007 that brought together a number of government and civil society experts from the subregion (see www.bicc.de for an update).

## E. Disarmament and Security Centre

**Recommendations 4 and 10**

76. Over the past six years, the Disarmament and Security Centre has worked closely with the Christchurch City Council (New Zealand) to develop peace and disarmament education initiatives, which are available at www.ccc.govt.nz/Christchurch/PeaceCity.

77. To celebrate the twentieth anniversary of New Zealand's nuclear-free legislation and the twenty-fifth anniversary of Christchurch becoming the nation's first nuclear-free city, the Disarmament and Security Centre organized a Nuclear-Free New Zealand exhibition at the Canterbury Museum from May to August 2007. On the same occasion, the Disarmament and Security Centre also produced a CD/DVD, *Nuclear Free Nation*, for use in schools and community groups, with a set of classroom/discussion activities to complement the package, which are available on the Disarmament and Security Centre website www.disarmsecure.org. The DVD features a timeline of New Zealand's nuclear-free history with interviews with prominent nuclear-free campaigners and photos of peace movement activities.

78. The Disarmament and Security Centre sent copies of the CD/DVD of the film *Nuclear Reaction*, depicting how New Zealand became nuclear free, and of the film *Tau Te Mauri: Breath of Peace*, that featured eight New Zealand peace campaigners, to every New Zealand high school and university. A teacher's guide showing how *Breath of Peace* could be used in the existing curriculum was included and is available at www.disarmsecure.org/publications/papers/index.html.

79. In August 2007, "Newspapers in Education" issued an eight-page handout for schools entitled "Zoned In: Increase the Peace" that outlined New Zealand's anti-

nuclear history and promoted the role of the United Nations and the work of the Disarmament and Security Centre.

## F. Escola de Cultura de Pau

**Recommendations 4 and 23**

80. Since 2006, the Escola de Cultura de Pau has made available on its website and regularly updates a database of peace education resources, including role simulation exercises, for use in the classroom. Information is available at www.escolapau.org/castellano/programas/dinamicas09.htm.

81. The Escola also offers a certificate in "Culture of Peace" for postgraduate students, classes on "Culture of peace and conflict management" and "Peace education" for undergraduate students, and collaborates with master's programmes in other educational institutions.

## G. Illinois Wesleyan University

**Recommendations 4 and 23**

82. On 25 June 2007, Illinois Wesleyan University in the United States of America opened a one-week workshop for educators on the legacy of Hiroshima and Nagasaki. The workshop provided educational resources and planning guides for nuclear and peace issues at the college/university level. More information is available at http://titan.iwu.edu/~physics/Hiroshima.html.

## H. International Campaign to Abolish Nuclear Weapons

**Recommendations 4 and 23**

83. During the period under consideration, the International Campaign to Abolish Nuclear Weapons produced short brochures, a mini-magazine, and a booklet entitled *Learn Abolition*, which consists of 17 activities for primary and secondary school students — from folding paper cranes in honour of the victims of Hiroshima and Nagasaki to holding a mock United Nations debate. The Campaign website is also an education resource that provides up-to-date information in an interactive way. More information is available at www.icanw.org/.

## I. International Network of Engineers and Scientists against Proliferation

**Recommendations 22 and 23**

84. During the second Preparatory Committee meeting for the 2010 Treaty on the Non-Proliferation of Nuclear Weapons Review Conference, a simulated negotiation on a nuclear weapons convention was organized by BANg and the International Network of Engineers and Scientists against Proliferation with support from Technische Universität Darmstadt and several other organizations. While BANg initiated the project, the International Network of Engineers and Scientists against

Proliferation and the Interdisciplinary Working Group Science, Technology and Security of Technische Universität Darmstadt provided organizational and scientific support and the required expertise to operate within the United Nations system. The Centre for Interdisciplinary Study Programs of Technische Universität Darmstadt developed a didactical and methodological concept for the simulation. In addition, a concept to introduce students to the topic — both in a study course at Darmstadt University and during the field trip in Geneva — was prepared. The Peace Research Institute Frankfurt, Pressehütte Mutlangen, Carl-Friedrich von Weizsäcker Centre for Science and Peace Research of the University of Hamburg, and the International School of Geneva, where the actual simulation took place, cooperated in the project. More information is available at www.inesap.org/prepcom08/RADAR_2008-05-15_STD-18.mp3.

## J. International Physicians for the Prevention of Nuclear War

**Recommendations 2, 4 and 23**

85. Since 2001 the International Physicians for the Prevention of Nuclear War has been educating about the health dimension of firearms violence through conferences, publications, medical training, campaign materials, the media, the International Physicians for the Prevention of Nuclear War website, list-serves and other communication vehicles, as well as with personal visits to policymakers and government officials. It also encouraged the use of violence prevention curricula in medical and public health schools, including the WHO TEACH-VIP module (more information is available at who.int/violence_injury_prevention/capacitybuilding/teach_vip/en/index.html).

86. The International Physicians for the Prevention of Nuclear War international media, awareness and collaborative activities include being an active contributor to international health organizations, including acting in a consultative status to the World Health Organization (WHO), participating in related groups, such as the WHO Violence Prevention Alliance, and in collaboration with key organizations such as Small Arms Survey. Its activist physicians and medical students keep the issue in the minds of the public and policymakers via media interviews.

## K. James Martin Center for Non-proliferation Studies

**Recommendations 2, 21 and 22**

87. The James Martin Center for Non-proliferation Studies continued to update its tutorials to reflect changes in the non-proliferation environment. More information is available at http://www.nti.org/h_learnmore/h3_tutorial.html or http://cns.miis.edu/cns/edu/learn.htm.

88. The James Martin Center for Non-proliferation Studies has also developed a variety of disarmament and non-proliferation databases, including nuclear disarmament, highly enriched uranium reduction and elimination, and submarine proliferation. More information is available at www.nti.org/e_research/e7_databases.html.

**Recommendation 3**

89. The James Martin Center for Non-proliferation Studies continues to work on translating publications into Russian and Chinese, including online publications produced for the Nuclear Threat Initiative. English-Japanese non-proliferation and disarmament terminology are also posted on the Nuclear Threat Initiative website.

**Recommendation 4**

90. All James Martin Center for Non-proliferation Studies online publications, as well as audio and visual files of selected James Martin Center for Non-proliferation Studies seminars and events, are accessible through the web and links to them are sent through the e-mail.

**Recommendation 6**

91. The core educational programme of the James Martin Center for Non-proliferation Studies remains the Certificate in Non-Proliferation Studies, awarded by the Graduate School of International Policy Studies at the Monterey Institute of International Studies. To date, more than 300 students have received the Certificate.

92. The Critical Issues Forum, which is the high school outreach and exchange programme of the James Martin Center for Non-proliferation Studies, brings United States high schools together with schools in "closed nuclear cities" of the Russian Federation to study non-proliferation and international security issues. More information is available at www.criticalissuesforum.org/.

**Recommendations 7 and 13**

93. In keeping with its long-standing practice, the James Martin Center for Non-proliferation Studies organized three diplomatic workshops on the Treaty on the Non-Proliferation of Nuclear Weapons in the past two years in order to provide an informal forum for national delegations to discuss issues regarding the Treaty on the Non-Proliferation of Nuclear Weapons. More information is available at http://cns.miis.edu/research/npt/index.htm.

94. Established in 1991, the James Martin Center for Non-proliferation Studies Visiting Fellows programme is designed to assist young and mid-career professionals to develop the skills necessary to have a positive impact on arms control and non-proliferation policy in their countries. Originally targeted at specialists from the former Soviet Union and then China, the programme trained over 150 visiting fellows from the Russian Federation and the newly independent States and over 50 specialists from China. Trainees from other countries (Republic of Korea, Sweden, Indonesia, Sri Lanka, South Africa, and others) also occasionally participate in the programme, which is offered three times a year. In 2006-2008, the James Martin Center for Non-proliferation Studies hosted approximately 30 visiting fellows.

95. The English Language and Non-Proliferation Programme is an eight-week intensive English as a second language programme for senior bio-scientists and chemical scientists in the Russian Federation and other newly independent States. The James Martin Center for Non-proliferation Studies hosted over 30 English Language and Non-Proliferation fellows in 2006-2008.

**Recommendations 19 and 24**

96. The James Martin Center for Non-proliferation Studies continues to offer part-time graduate research assistantships as well as full or partial tuition scholarships to students pursuing the Non-Proliferation Certificate. In addition, since 1997, the James Martin Center for Non-proliferation Studies has continued to offer an on-the-job training summer programme for undergraduate students in non-proliferation studies.

**Recommendation 23**

97. As part of the Certificate in Non-Proliferation Studies, students continued to participate in a semester-long simulation of international or bilateral arms control treaty negotiations.

## L. Philippine Action Network on Small Arms

**Recommendations 8 and 12**

98. Since 2006, the Center for Peace Education, one of the organizations under the Philippine Action Network on Small Arms, has offered a module, "Challenging the War System", in all its Peace Education workshops. Among others, teachers, priests, nuns, seminarians, volunteers from the Philippine National Red Cross, students, government employees who work for the peace process in the country, and educators from South-East Asia participated in these workshops.

99. On 8 June 2008, the Philippine Action Network on Small Arms encouraged priests from different parts of the country to read a message on gun violence and the need for gun control in their homilies.

## M. Nuclear Age Peace Foundation

**Recommendations 4 and 23**

100. The Nuclear Age Peace Foundation posted a number of educational materials on its website, including a video entitled *Nuclear Weapons and the Human Future*, a Microsoft PowerPoint presentation and questions for discussion. More information is available at www.wagingpeace.org/nuc_weapons_human_future.php.

## N. Reaching Critical Will

**Recommendation 4**

101. Reaching Critical Will, a project of the Women's International League for Peace and Freedom, continued to provide information on disarmament through its website, which includes an online resource page about disarmament and non-proliferation education. More information is available at www.reachingcriticalwill.org.

## O. Réseau d'action sur les armes légères en Afrique de l'Ouest

**Section of Burkina Faso**

**Recommendation 4**

102. Within the context of the week of action against gun violence, Réseau d'action sur les armes légères en Afrique de l'Ouest Burkina Faso was engaged in awareness-raising activities, including for civil society members.

## P. Umut Foundation

**Recommendation 17**

103. In 2007, the Umut Foundation started training sessions entitled "Personal Disarmament and Violence News" for local media representatives. The third of such training sessions was held on 13 May 2008 at Anadolu University in Turkey.

# V. Conclusions

104. **The 34 recommendations of the United Nations study on disarmament and non-proliferation education are aimed at Governments, United Nations and other international and regional organizations, as well as civil society organizations, encouraging all actors to recognize the important contribution that such education and training can make to a well-informed citizenry and thus a more secure world. For the two-year review of the implementation of the recommendations, it was encouraging to receive a large quantity of information necessitating summarized versions for the present report. As mentioned above, further information can be found on the United Nations Office for Disarmament Affairs website.**

105. **It was also encouraging that several Governments have used the framework of the 2010 Review Conference of the States Parties to the Treaty on the Non-Proliferation of Nuclear Weapons to promote education and training activities in the nuclear non-proliferation field. As in previous reports, it is of note that most initiatives recorded in the present report have been carried out by civil society organizations, which remain the creative and driving force behind the pursuit of such education.**

106. **In order to take advantage of the gathering momentum towards a renewed global interest in the possibilities offered by a world free of nuclear weapons, much work still remains to be done. Some of the most effective past and current efforts involve partnerships among Governments, international, regional and civil society organizations. They can serve as a model for future activities. The United Nations will continue to seek opportunities to promote and participate in such collaborative work.**

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**Eradication of poverty and other development issues: implementation of the Second United Nations Decade for the Eradication of Poverty (2008-2017)**

# Role of microcredit and microfinance in the eradication of poverty

## Report of the Secretary-General

*Summary*

The present report is submitted in response to General Assembly resolution 61/214. The report provides a reassessment of the role of microcredit and microfinance in the eradication of poverty based on recent studies. The report also describes the latest developments in microfinance, including the emergence of new providers. In conclusion, the report presents some recommendations, including the promotion of inclusive financial institutions.

* A/63/150.

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# I. Introduction

1. Microfinance is broadly defined as the provision of financial services such as credit, savings, insurance and other basic financial products involving very small (micro) amounts to poor and low-income people who normally lack access to traditional banking and financial services. Microfinance originated with microcredit, which is the provision of credit in small amounts to very poor people, often without requirements for collateral. Microcredit is considered to have been pioneered by Muhammad Yunus in Bangladesh. He noted that poor women had no access to formal financial services because they could not post collateral and were considered to be high credit-risk borrowers. Instead of requiring collateral, Muhammad Yunus experimented with "group lending", where credit was extended based on a group liability arrangement. Although the loan was granted to an individual, the repayment was a collective responsibility by the group to which the individual belonged. The high repayment rates on their loans paved the way for the success of what was to become the Grameen Bank. The Grameen Bank is one of the earliest known formal institutions created to extend microcredit. From its origins in the mid-1970s, its membership had grown to 1 million by 1991, 2.4 million by 2002 and 6.9 million in 2006.[1] Together with the Grameen Bank, early pioneers of microcredit include ACCION International, which provided the impetus for the growth of microcredit in Latin America, and the Self-Employed Women's Association Bank in India.

2. The successes of the microcredit pioneer organizations have led to a worldwide expansion in microcredit. As the financial services offered by these organizations expanded beyond providing credit to include taking deposits, savings accounts, microinsurance and money transfers, the term "microfinance" was coined to reflect this evolution. The Monterrey Consensus,[2] adopted by heads of State and Government at the International Conference on Financing for Development in 2002, explicitly recognized that microfinance and credit for micro-, small- and medium-sized enterprises, as well as national savings schemes, are important for enhancing the social and economic impact of the financial sector. By its resolution 53/197, the General Assembly designated 2005 as the International Year of Microcredit to address the constraints that exclude people from full participation in the financial sector. A major outcome of the Year — publication of the "Blue Book" *Building Inclusive Financial Sectors for Development*[3] — provides a framework to guide national policies in providing access to affordable financial services for all people. In addition, the United Nations Advisers Group on Inclusive Financial Sectors was established to assist stakeholders in identifying ways to expand access to financial services for the poor.

3. In recent years, microfinance has experienced tremendous growth in the number of clients served and the diversity of financial services offered. Along with the growth in clients and in products and services offered, there has also been a large increase in the number of microfinance providers, known as microfinance institutions. The broad definition of these institutions encompasses a wide range of

[1] B. Armendariz and J. Morduch, *The economics of microfinance* (Cambridge, Massachusetts Institute of Technology Press, 2005), p. 6.

[2] *Report of the International Conference on Financing for Development, Monterrey, Mexico, 18-22 March 2002* (United Nations publication, Sales No. E.02.II.A.7), chap. I, resolution 1, annex.

[3] United Nations publication, Sales No. E.06.II.A.3.

organizations, which vary in their legal structure, mission and approach. However, all of them share the common characteristic of providing financial services to poor and socio-economically vulnerable people who would not normally be served by traditional financial institutions. Today, microfinance institutions include non-governmental organizations, credit unions, cooperatives and bank and non-bank financial institutions.

4. Microfinance has gained wide acclaim in helping the poor, especially women, through increased incomes, self-employment and empowerment. There is greater awareness of the positive impact of microfinance on the lives of the poor, but the challenge of scaling up its impact remains. The success of microfinance is due in part to a growing recognition that the poor are viable customers and to the entry of mainstream financial institutions into the microfinance business, which has provided alternative sources of funds for microfinance. By adapting new technologies, microfinance is able to broaden its outreach and reduce costs to both clients and providers. There is growing concern, however, over increasing commercialization and profit-orientation in microfinance. These developments have led to the promotion of a paradigm shift from microfinance to a vision of inclusive finance.

# II. Microfinance penetration and client demand

## A. Population penetration

5. According to the Microcredit Summit Campaign, 3,316 microcredit institutions provided loans to 133 million clients worldwide in 2006, up from 618 institutions and 13 million clients in 1997.[4] Further disaggregation of data indicates that 92 million of those clients belonged to the bottom half of the people living below their nation's poverty line when they took their first loan.

6. The reach of microfinance varies across different regions of the world. Asia and Latin America have the highest numbers of borrowers, while few benefit from microfinance in the Middle East, Northern Africa and Central Asia. In Latin America, microfinance clients are found mainly in cities, where the highest numbers of poor people live, while the vast majority of clients in Asia are located in rural areas.

7. Altogether, the extent of the penetration of microfinance (defined as the proportion of the poor who are reached by microfinance relative to total population, a commonly used measure in microfinance) remains limited. In countries with the largest availability of microfinance, the penetration is commonly in the range of 3 to 4.5 per cent of the total populations. Penetration is typically much lower in countries with large populations, such as Brazil, India and Nigeria (0.1 per cent), Pakistan (0.3 per cent), Mexico (0.4 per cent) and Indonesia (1.3 per cent).[5] Bangladesh stands out with a penetration rate of 9.2 per cent of the population.

8. While microfinance was originally conceived to target the poor, an in-depth study by the Consultative Group to Assist the Poor of the client base of seven microfinance institutions in Bangladesh, Bolivia, the Philippines and Uganda, found

[4] S. Daley-Harris, *State of the Microcredit Summit Campaign Report 2007*, pp. 2 and 22.

[5] E. Rhyne and M. Otero, "Microfinance through the next decade: visioning the who, what, where, when and how" (Boston, ACCION International, 2006), table 3, p. 12.

that a large majority of microfinance clients were moderately poor (those in the top 50 per cent of households below the poverty line), few were from extremely poor households (those in the bottom 10-50 per cent below the poverty line) and none were destitute (those in the bottom 10 per cent).[6] The study also found that the one provider, BRAC Bangladesh, that had targeted poorer segments of the population was able to reach proportionately more extremely poor households. However, by and large, reaching the extremely poor and destitute remains a challenge for microfinance.

## B. Understanding the demand for microfinance

9. Whereas microcredit development has largely been driven by supply, there has been a growing focus over the years on understanding the financial needs of the poor. The knowledge gained about client behaviour has been instrumental in designing new microfinancial products. A study suggests that many poor households are not borrowing because they are averse to incurring debt.[7] Furthermore, it was found that the poorest of the poor were usually net savers and that the most effective way to reach them was by offering savings accounts.

10. Research on microfinance, including client behaviour, has also shed light on when and why clients self-exclude themselves from financial services. In Bangladesh, a study of poor slum-dwellers concluded that this potential client group would avail itself of microfinance services and products if it was given flexibility in meeting the required membership contributions or deposits.[8] The self-exclusion was based on a fear of being unable to meet rigid repayment schedules. As with any consumer group, the poor also prefer to have a choice in the financial services that they seek. Such choice is not available when microfinance institutions have a narrow product offering or have rigid terms and conditions.

11. Insights into the dynamics of group lending have also led to a better understanding of cases where there was a high dropout rate among poorer clients.[9] One explanation put forward is that when the size of a loan taken by other group members rises beyond what individuals perceive they themselves can afford or repay, they become hesitant to guarantee such loans. At the same time, group lending can also have drawbacks for those clients who are better off within a group. These clients face the risk of delays in obtaining larger loans when some group members are in arrears. Some also feel frustrated with the time spent in borrowers' group meetings.

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[6] Brigit Helms, *Access for All: Building Inclusive Financial Services* (Consultative Group to Assist the Poor, World Bank Publications, 2006), p. 20.

[7] D. Johnston and J. Morduch, "Microcredit vs. microsaving: evidence from Indonesia" presentation at the Conference on Access to Finance, World Bank, Washington, D.C., 15 and 16 March 2007.

[8] Consultative Group to Assist the Poor, Focus Note No. 18, "Exploring client preferences in microfinance: some observations from SafeSave", September 2000.

[9] Consultative Group to Assist the Poor, Focus Note No. 16, "Those who leave and those who don't join: insights from East African microfinance institutions", May 2000.

### C. Emerging clients

12. Traditionally, although not exclusively, microfinance has targeted poor women, consistent with its early experience of success with women clients and the positive socio-economic consequences of lending to women. Recent developments suggest that this is changing. In reaching more poor people and new clients, there has been less emphasis by newer microfinance institutions on catering mainly to women.

13. One emerging client group for microfinance is young people. The profile of young microborrowers differs from that of the existing microfinance clients, as young clients tend to be highly mobile, urban-based and technologically knowledgeable. Concern has been raised that group lending might not work for this client group, whose needs group could differ from traditional clients. A study in Uganda found that youth needed savings services more than credit and that tailoring financial products to their needs had led to positive results. In addition, young people are more likely to be involved in overseas employment. This has generated demand for remittance services. While this tendency towards mobility may discourage microfinance institutions from lending to the young, mobile banking services and branchless banking are becoming popular among young people and are increasingly being provided by microfinance institutions.

14. Agricultural producers are another emerging group of clients. In contrast to traditional clients, who are often engaged in cottage industries or buy-and-sell businesses, agricultural producers are vulnerable to climatic conditions and need microinsurance to reduce their risk of loss and consequent inability to service microloans.

## III. Impact of microcredit and microfinance on the welfare of the poor

### A. Income and employment

15. There is ample evidence that access to credit has given many poor people the means to increase, diversify and protect their sources of income to some extent. Microcredit has an impact on the lives of the poor both directly and indirectly. The most direct way is through providing income and opportunities for self-employment. Moreover, microfinance institutions consistently report higher levels of food consumption among their clients. Microloans, particularly to women, also tend to have an indirect impact translating into improved access to health and education for children.

16. Currently no comprehensive quantitative study exists that would give a sense of the actual net effect of microcredit on income and employment. A study of the impact of microcredit schemes in seven countries in Latin America, Asia and Africa showed that, for a large proportion of borrowing households, increase in income stalled or plateaued after initial progress.[10] Lack of entrepreneurial skills and limited demand for the goods and services of microenterprises appear to have been

[10] D. Hulme and P. Mosley, *Finance Against Poverty* (London, Routledge, 1996), vol. I, p. 114. The sample countries were Bangladesh, Bolivia, Indonesia, Kenya, Malawi and Sri Lanka.

responsible for this effect. Evidence from BancoSol of Bolivia, for example, showed that most did not have the entrepreneurial capacity to utilize the loans productively; whereas 25 per cent of clients showed significant income gains after borrowing, 60 to 65 per cent remained at the same level of income and 10 to 15 per cent went bankrupt.[11] As for how significant the increase in income is, an impact assessment study carried out in Ghana found that, on average, clients had increased their incomes by $36, compared to $18 for the control group.[12] Further studies of microfinance institutions in India, Peru and Zimbabwe found that net income gains by borrowers were observed only in India and Peru, suggesting that the hoped-for microfinance income effect was not always realized.[13]

17. While it is equally difficult to obtain comprehensive data on the employment impact of microfinance, case studies anecdotally support the claim. Microcredit has helped to create microenterprises and has enabled microentrepreneurs to generate jobs in the informal sector for others in their communities. Examples in Kenya, South Africa and Uganda show that microfinance provided to the non-poor was instrumental in creating jobs for very poor people as employees of microfinance clients.

18. Overall, microfinance contributes to improve the life and welfare of the poor. However, as a tool for poverty reduction, lifting people out of poverty on a sustainable basis, the data is far less conclusive. A review of the literature on the impact of microfinance sponsored by the Grameen Foundation concludes that despite the effectiveness of microfinance in increasing family incomes and improving children's nutrition and raising the school enrolment rate, it cannot be stated that microfinance works as a poverty reduction strategy on a global basis.[14]

## B. Consumption smoothing and microinsurance

19. Several studies have found that microcredit is also being used for consumption smoothing. Consumption smoothing enables the poor and vulnerable to deal with short-term financial difficulties and income disruption arising from medical and health emergencies, natural calamities or death of a family member. This temporary rechannelling of funds turns out to have a real and tangible impact on the lives of the poor, often preventing them from becoming destitute.

20. In order to address the existing demand for protection against income disruption, a number of microfinance institutions now offer microinsurance products. Such products often find their inspiration in traditional forms of risk mitigation. In Benin, Burkina Faso, Mali, Senegal and Togo, for example,

[11] Armendariz and Morduch, op. cit., p. 200, citing P. Mosley, "Metamorphosis from NGO to commercial bank: the case of BancoSol in Bolivia", *Finance Against Poverty*, David Hulme and Paul Mosley, eds. (London, Routledge, 1996).

[12] Barbara MkNelly and Christopher Dunford, "Impact of credit with education on mothers and their young children's nutrition: Lower Pra Rural Bank Credit with Education Program in Ghana", Research Paper No. 4 (Davis, California, Freedom from Hunger, 1998), as reported in Jonathan Morduch and Barbara Haley, "Analysis of the effects of microfinance on poverty reduction", report prepared by RESULTS Canada for the Canadian International Development Agency, November 2001.

[13] Armendariz and Morduch, op. cit., p. 199, citing Snodgrass and Sebstad (2002).

[14] Nathanael Goldberg, *Measuring the Impact of Microfinance: Taking Stock of What We Know* (Grameen Foundation, USA Publication Series, December 2005), p. 46.

microinsurance schemes based on the Islamic insurance concept of *takaful* and operated by cooperatives provide borrowers with coverage for death or permanent disability.

## C. Impact on poor women and empowerment

21. The rationale for targeting women within the framework of microfinance is threefold.[15] First, women are overrepresented among the poorest of the poor. Secondly, women clients have high repayment rates on loans. Thirdly, women tend to be more concerned over the health and education of their children.

22. Quantifying the net social benefits of microfinance on poor women remains difficult. The number of women availing of microfinance nonetheless suggests that microfinance makes a difference in their lives and those of their children. All estimates point to women accounting for about 75 to 80 per cent of microfinance clients.[16]

23. As microfinance turned millions of poor women into active participants in economic activities, they attained new roles as income earners and managers of household incomes. As a result, these poor women are found to be more confident, assertive and better equipped to overcome cultural inequalities. Their success raises their status in society, turning them into important role models for the population of young girls who are growing up poor and underprivileged. Studies indicate that the success of these women tend to be associated with effective family planning and better treatment of children, in particular young girls, in terms of nutrition, health and schooling.

24. Some outcomes, however, have an adverse impact on women. This includes increased workloads and exhaustion, as mothers and wives double up their traditional household duties with the demands of their self-employment activities and responsibilities to their microfinance institutions. Cases of loan "pass-through", where women apply for microloans only to turn the funds over to their husbands to be diverted for other purposes, have also been observed.

25. Furthermore, cultural prejudice and obstacles tend to confine women to certain types of economic activity. They are often bound to activities with very low levels of productivity with limited opportunities for innovation or advancing into more lucrative ventures.

26. Increased incomes from microenterprises run by women are often used on health and education. This has led a number of microfinance services, such as those provided by ProMujer in several Latin American countries, to include the provision of health-awareness programmes as part of their services. As a result, higher rates of immunization of children and of use of family planning have been observed among clients compared to non-client counterparts. Some studies also suggest that children of microfinance clients are more likely to go to school, stay in school longer and have lower dropout rates.

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[15] Armendariz and Morduch, op. cit., pp. 179-183.

[16] Ibid.

### D. Social performance audits

27. Increased public scrutiny of the effectiveness of microfinance in combating poverty has led microfinance institutions to develop tools for managing their social performance. Social performance audits look at the objectives of the institutions and the services provided to meet those objectives. Performance indicators include loan appreciation criteria, gender constraints, client education, grievance management and the effectiveness of reaching poor households. Microfinance support and rating institutions have developed approaches that integrate social performance indicators into internal management information systems and also offer external auditing.

28. A review of the literature raises questions about the high cost of social performance monitoring in comparison with the limited financial resources of many microfinance institutions. However, some also raise concern that microfinance institutions are only required to report financial performance and thus face a temptation to overemphasize financial self-sufficiency over impact on poverty, and leading them to drift away from their original mission.

## IV. Developments among microfinance providers

### A. Growth and transformation of microfinance institutions

29. Microfinance has seen significant growth and popularity in the past 30 years, even more so recently. Between 2004 and 2006, institutional and individual investments in microfinance more than doubled to around $4.4 billion, while the total volume of loans has risen to $25 billion, according to Deutsche Bank.[17] In India, it is reported that 1,000 microcredit organizations and some 300 commercial banks lent $1.3 billion to 17.5 million people in 2006. Separately, self-help groups, the dominant microfinance model in India, have provided loans to an estimated 33 million poor Indian households through compulsory savings mechanisms and have showed faster outreach at a lower cost, compared with other traditional models of microfinance.[18] In Bangladesh, the Grameen Bank is reported to have disbursed $4 billion in microloans to 7 million borrowers over the past 10 years.

30. The growth of microfinance has been accompanied by a proliferation of microfinance providers, from solidarity-based organizations and non-governmental organizations to cooperatives and rural banks and, more recently, to commercial banks. In addition, there is a large informal zone of microfinance providers such as postal banks, informal rotating savings and credit associations and commercial players, including moneylenders, pawnbrokers, consumer lenders, retailers and mobile telephone companies.

[17] J. Surowiecki, "What microloans miss", *The New Yorker*, 17 March 2008.

[18] Consultative Group to Assist the Poor, "Sustainability of self-help groups in India: two analyses", Occasional Paper No. 12, August 2007.

Box 1
**Self-help groups in India**

In India, self-help groups comprising 10 to 20 poor women each are fast becoming the dominant form of microfinance. Self-help groups are community-based and member-managed associations of poor women who pool resources for financial and social services. Aside from pooling financial resources, self-help groups also serve women and their families through the provision of health-care services, such as polio vaccination and family planning information, literacy training, food-for-work opportunities and midday meal programmes.

As at March 2006, there were an estimated 2.2 million self-help groups that provided financial services to around 33 million members. Studies suggest that well-run groups are financially sustainable and experience high repayment rates of around 95 per cent from their members. They are able to reach very poor and marginalized clients. After initial donor funding, self-help groups turn to commercial banks for additional funding. The link between self-help groups and commercial banks is driven by a Government mandate for lending quotas in priority sectors. The programme, which allows self-help groups to borrow from banks to obtain funds for lending among their members, is managed by the National Bank for Agriculture and Rural Development.

*Sources*: Website of the National Bank for Agriculture and Rural Development (http//nabard.org/pdf/stmt1.pdf) and "Sustainability of self-help groups in India: two analyses", Consultative Group to Assist the Poor, Occasional Paper No. 12, August 2007.

31. As more financial institutions provide financial services to the poor, several pioneer microfinance institutions have experienced significant client growth and expanded their operations. To this end, some not-for-profit microfinance institutions have become mainstream financial institutions or chartered banks. Bolivia's BancoSol, for example, started as a non-profit microlending entity called PRODEM. It later joined with ACCION International and other financial entities to establish BancoSol, which became the first private commercial bank in the world dedicated exclusively to microfinance.

32. In shifting to a chartered microfinance provider, former not-for-profit microfinance institutions are able to access new funding sources such as taking deposits and commercial funding and also have more diversified sources of revenue through more product offerings. The transformation improves their cost structure through economies of scale and enhances sustainability and long-term viability. However, the transformation is also associated with greater profit orientation and a shift away from their original social goals.

33. A recent study, based on a control group of around 25 microfinance institutions, showed that over a five year period, transformed microfinance institutions achieved a higher rate of increase in the number of borrowers (30 per

cent) compared with microfinance institutions that did not change (15 per cent).[19] Furthermore, the transformed microfinance institutions also saw a surge in clients with savings accounts. A disturbing outcome, however, was that transformed institutions had a significant decline in the percentage of women clients, from an average of 88 per cent to 60 per cent. Considering that many microfinance institutions had the traditional goal of serving women who are poor, the question is whether the profit motive overshadows the original social mission of microfinance to serve the poor, resulting in a drift away from their original mission and earning higher returns by serving better-off clients with larger loans.

34. While mission drift is a typical concern in the context of transforming microfinance institutions, there are also instances of transformation where mission drift is not an issue. In the case of the Center for Agriculture and Rural Development Bank in the Philippines, no external funding was needed to make the transition to a formal financial institution. It continued to rely on capitalization from member savings and retained earnings and maintained its commitment to its members.[20] Two issues played an important part in its transformation experience: its original vision and the profile of the board. One of the Center's original visions was to become a formalized institution with women clients as share holders. In addition, the board was committed to fulfilling its social mission. Similarly, MI-BOSPO in Bosnia and Herzegovina also envisioned transformation without compromising its original mission. The transformation of the Kashf Foundation in Pakistan was driven by its inability to raise funds from its client base of mostly women. However, true to its commitment to serving poor women, it introduced savings products suited to its clients. These examples of microfinance institutions show that staying committed to the original clients and mission is possible while undergoing transformation.

Box 2
**Initial public offering of Compartamos Banco**

A headline-grabbing example of a recent transformation of a microfinance non-governmental organization into a profit-oriented commercial financial institution is that of Compartamos Banco in Mexico. Its initial public offering in April 2007 enabled the original investors to sell part of their investment to the public and take advantage of gains.

Compartamos Banco started as a village banking pilot programme in 1990 to support microenterprises as part of a non-governmental organization. It attained operational self-sufficiency in 1995. In 2000, it separated from the non-governmental organization and became a regulated financial entity, with a $6 million equity investment from the International Finance Corporation, the ACCION Gateway Fund, ProFund International, its founding non-governmental organization and Mexican private investors. It started accessing the capital markets in 2002 by issuing bonds to finance its growth. It formally became Compartamos Banco in 2006 when it obtained a commercial bank licence.

[19] Christina Frank, "Stemming the tide of mission drift: Microfinance transformations and the double bottom line", Women's World Banking, 2008.

[20] Ibid., p. 18.

Since 2000, it has registered annual client growth ranging from 31 per cent to 56 per cent. By 2006, it had about 620,000 clients, almost 10 times the 64,000 clients it had in 2000. Its leaders attribute much of its ability to expand its client size to its commercial nature and the ability to raise funds in the commercial markets.

For the supporters of Compartamos Banco, the initial public offering was viewed as a culmination of the bank's commercialization and a validation of the commercial model of microfinance. For its critics, the offering was another sign of how far the bank had drifted away from its original mission to help the poor. For them, Compartamos Banco was operating for the benefit of its investors rather than for its borrowers, with over 20 per cent of its interest income booked as profits and its average return to equity more than three times the 15 per cent average for Mexican commercial banks.

*Sources*: ACCION International, "The Banco Compartamos Initial Public Offering", *Insight*, No. 23, June 2007, and Elisabeth Malkin, "Microfinance's success sets off a debate in Mexico", *The New York Times*, 5 April 2008.

## B. Commercialization of microfinance

35. An important development in recent years that has raised both interest and concern among stakeholders is how microfinance has drawn the attention of major mainstream financial institutions including commercial and investment banks and other financial institutions. These were the institutions that have long excluded the poor from access to financial services on the notion that the poor are not creditworthy and that servicing the poor is unprofitable. However, the profitability and sustainability of successful microfinance institutions eventually convinced commercial financial institutions that the poor were bankable and that the returns on commercial participation in microfinance were real, given the high interest rates the poor were willing to pay on microloans.

36. Commercial players and investors have found the microfinance sector, albeit small, to be an area that offers much wider credit spreads and returns and promising growth. Some commercial banks have entered the microfinance market directly with programmes aimed at the lower end of the financial services spectrum, while others have entered into alliances and linkages with institutions already focusing on the lower tier of the market.

37. Some of these new commercial entrants include hedge funds, venture capital firms and other big investors, whose participation has introduced new ways of raising funds for microfinance. For example, the Teachers Insurance and Annuity Association — College Retirement Equities Fund, a pension fund for teachers in the United States of America, aims to invest $100 million in microfinance with an eye to competitive returns.[21] It also bought a $43 million stake in a company based in Frankfurt, Germany (ProCredit Holding), which manages microlenders in

[21] Examples cited here are from K. Epstein, "Microfinance draws mega players", *BusinessWeek*, 9 July 2007.

20 countries from Ecuador to Sierra Leone, expecting a 15 per cent return on equity. In another case, Morgan Stanley, a Wall Street investment bank, securitized in early 2007 a portfolio of small loans worth $108 million from a dozen for-profit lenders and offered attractive yields of up to 7.7 per cent to investors. In addition, retail stores have entered the microfinance business. Wal-Mart, a retail giant from the United States which operates over 1,000 stores in Mexico, offers microloans to customers through its on-site Banco Wal-Mart, by capitalizing on a core group of 2.5 million loyal shoppers who do not have bank accounts.[22] The competition with traditional financial institutions is expected to drive down the transaction costs of borrowing.

38. Whereas the new entrants are undoubtedly helping to scale up the provision of microfinance to the poor, there is concern that the commercialization of microfinance would sacrifice the socially responsible lending principles of microfinance institutions and expose borrowers to potentially abusive lenders. The drift away from the non-profit orientation of early microfinance institutions is becoming a trend and has also fuelled a debate over which model is most appropriate to serve the needs of the poor.

## C. Increased competition

39. With new entrants coming into the sector, competition among providers has intensified, resulting in lower prices, tighter margins and a broadening of product offerings beyond lending. Furthermore, increased competition has led to more individual-based lending, which is a move away from the traditional group-based lending. Although microfinance institutions relied in the past on group pressure for the repayment of loans, in recent years providers have increasingly relied on collateral for loan repayment guarantees. The microfinance approach (group pressure without collateral) was viewed as cumbersome since it required the organization of groups and greater efforts in coordinating group members. The newer approach, which is standard in the traditional finance sector, offers a faster way of underwriting and providing credit. However, the drawback in collateral-based lending is that it is biased against the poor, who have limited or no collateral, defeating the original reason for adopting group-lending. In addition, those who can borrow are exposed to the risk of losing their only asset in case of default.

40. Furthermore, while the newer approach to lending has enabled faster growth in microlending, providers themselves are becoming concerned that without proper legal control of the provision of collateral, there is the risk that the same collateral could be used to back multiple loans from different competing providers. In sum, competition has both positive and negative effects on clients. On the positive side, clients benefit from broader product offerings at lower cost and better-off borrowers and small enterprise owners may get access to larger loans. On the negative side, collateral-based lending arising from competitive pressures may discriminate against those with little or no collateral.

[22] G. Smith and K. Epstein, "Wal-Mart banks on the 'unbanked'", *BusinessWeek*, 13 December 2007.

## D. Innovations in microfinance

41. The global expansion of microfinance has been accompanied by diversification and innovation in the supply of financial services to the poor as well as by increasing reliance on communication technology. Microfinance product offerings now include savings accounts, insurance, money transfers and microleases in addition to microloans. Three major innovations have been introduced that aim at better catering to the latent demand for financial services by the poor: microfinance services for young people; the "graduation model", which links safety nets and financial services, and agricultural microfinance, which merges traditional agricultural finance with standard microfinance schemes.

42. In the Philippines, the lack of commercial banks willing to provide loans to young people inspired the creation of YouthWorks, one of the first microfinance institutions for young people. YouthWorks gives young people access to small start-up loans and microfinance as part of a programme for job placement and skills training.[23] Experience has shown that not only are young people reliable in repaying their loans, but they also invest their loans in enterprises that generate social and environmental benefits. One of these enterprises has created work for about 300 people by making fashion bags and wallets exported to Europe and the United States from recycled tarpaulin used for advertising billboards.

43. The objective of the graduation model is to provide social protection to destitute households and to eventually graduate them out of destitution to a lesser degree of poverty.[24] A pioneering example of a graduation programme is the "income generation for vulnerable groups development" model by BRAC in Bangladesh. The BRAC model enabled two thirds of the destitute women participating in the programme to graduate to regular microfinance programmes. Overall, the model has shown potential in reaching the poor, but also points to the need for longer-term provision of basic social protection. Another successful example is a programme run by CARE Bangladesh where microfinance is linked with Government-guaranteed employment schemes. In this programme, 79 per cent of those who graduate become self-employed in microenterprise activities three years after the end of the programme cycle. Attempts to replicate such an approach, such as in Malawi, have not, however, been successful.

44. Agricultural microfinance, which is traditionally considered to be high risk and characterized by poor repayment rates, is another area of innovation.[25] Agricultural microfinance schemes for poor farmers combine a group lending approach with traditional agricultural finance services such as repayment schedules based on the production cycle and harvest time, equipment leasing and crop and livestock diversified lending, among others. Participants in this microfinance area are both microfinance institutions, such as cooperatives, and non-microfinance institutions adopting microfinance agricultural financing schemes. For example, in Madagascar the Caisses d'épargne et de crédit agricole mutuels (a network of local

[23] S. Murray, "Microfinance: lending where a little can go a long way", *Financial Times*, 24 January 2008.

[24] Examples for this section are taken from Consultative Group to Assist the Poor Focus Note No. 34, "Graduating the poorest into microfinance: linking safety nets and financial services".

[25] This section draws on Consultative Group to Assist the Poor, Occasional Paper No. 11, "Managing risks and designing products for agricultural microfinance: features of an emerging model" (August 2005), pp. 3-5, 20 and 26.

banks and credit unions) provides microleases averaging $450 for capital equipment for agriculture and livestock, with flexible repayment schedules based on the client's production cycle.

## E. Impact of technology

45. Information and communications technology, in particular mobile telephone technology, plays an increasing role in promoting the growth of microfinance. The ubiquity of mobile telephones in developing countries, even among the poor, has given a growing number of poor people access to microfinance. In the Philippines, for example, the country's two mobile network operators offer the functional equivalent of small-scale transaction banking to an estimated 5.5 million customers. Similarly, in Kenya, the M-PESA service offered by mobile telephone company Safaricom, which allows individuals to transfer money using a mobile telephone, attracted 1 million registered users in 10 months, in a country where fewer than 4 million people have bank accounts.[26] The potential of mobile banking to reach the poor and those in remote areas is especially promising considering that there are now two billion mobile telephones in use worldwide. While it took 12 years to have the first billion mobile telephones in circulation, it only took two and a half years to reach the second billion, with 82 per cent of the second billion being in developing countries.

46. Branchless banking is another technology-based innovation that is significantly extending the reach of microfinance among both the urban and rural poor. Branchless banking uses outlets such as grocery stores, post offices, pharmacies, lottery dealers, petrol stations and seed and fertilizer retailers equipped with point-of-sale and automatic teller machines able to swipe bank cards and read barcodes. Among the pioneer countries are Brazil, India, Kenya, South Africa and the Philippines. In Brazil, for example, banks have established more than 95,000 banking representatives in 1,600 Brazilian municipalities (a quarter of all municipalities) that had no financial service outlets. In South Africa, WIZZIT provides basic mobile telephone and banking services in tribal and rural areas where there is limited access to banks.[27] In Uganda, a web-based non-profit innovation is the peer-to-peer microloans conceived by the group Kiva. Where the Internet is available, networks allow ordinary people to loan small amounts of money (as little as $25) to needy individuals on flexible loan terms.[28]

## F. Challenges faced by microfinance providers

47. Microfinance providers continue to face a number of challenges, including the need to scale up operations, efforts to achieve sustainability without relying on

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[26] Consultative Group to Assist the Poor, Focus Note No. 43, "Regulating transformational branchless banking: mobile phones and other technology to increase access to finance", January 2008.

[27] G. Ivatury, "L'avenir de la microfinance repose sur la technologie", Dossier l'alter-banque, *Revue Banque*, No. 692, June 2007.

[28] Website of the Foundation for P2P Alternatives (http://www.p2pfoundation.net/P2P_Microfinance) accessed on 7 July 2008.

subsidies, obtaining access to funding sources and complying with general rules and regulations of the financial sector.

48. Faced with the challenges of increasing their reach while ensuring the sustainability of their programmes, microfinance providers face pressure to keep costs down and operate more efficiently. Small microfinance institutions, operating with high overhead costs, find it difficult to compete with larger operations where the fixed costs are shared among many more clients and accounts. In addition, some small institutions need to diversify the risks associated with operating in a small geographic area with a limited product offering and client base. Furthermore, most microfinance providers have limited or no access to financial markets.

49. Access to mainstream funding sources by microfinance institutions continues to face several constraints.[29] Many microfinance institutions remain non-profit institutions without a corporate legal status, raising concerns over the legal basis for recovery of defaulted loans. Ratings agencies have inadequate knowledge about microfinance operations and microfinance institutions are therefore perceived as posing higher risks. In addition, commercial banks believe that the portfolios of many microfinance institutions are inadequately secured, which could prompt regulators to impose more rigorous controls. Finally, the more recent approaches to secure new sources of funds, such as securitization and issuance of bonds or notes, will probably suffer given the current credit crunch in the financial markets.

50. Many of the small operators find it hard to generate sufficient revenue with which to cover their lending, invest in technology and pay for professional management and operations staff with a sufficient cushion to absorb the occasional increases in credit losses that arise in periods of economic slowdown. In all cases, microfinance institutions need to tap non-aid sources of funds, whether by offering deposit services or by obtaining wholesale funding from commercial institutions, if they are to grow beyond the limits of finance from aid and subsidies.

## G. Challenges for policymakers and regulatory authorities

51. Policymakers and regulatory authorities need to address issues related to subsidies, unethical lending practices, and building an inclusive financial structure, including the formation of credit bureaux, credit-rating services and payment systems across different financial institutions.

52. In its guidelines on good practices in microfinance, the Consultative Group to Assist the Poor recommends that subsidies should support microfinance during the initial period but microfinance institutions should eventually wean their operations away from dependency to sustainability. This recommendation reflects concerns that overdependence on subsidies results in inefficiencies, shirking of responsibilities and rent seeking that eventually undercut the sustainability of microfinance institutions. There is also evidence, however, that subsidies, up to a certain level, can lead to improved efficiency and sustainability.[30] Experience shows that

[29] *Building Inclusive Financial Sectors for Development* (United Nations publication, Sales No. E.06.II.A.3), pp. 78-85.

[30] Marek Hudon and Daniel Traca, "On the efficiency effects of subsidies in microfinance: an empirical inquiry", Université Libre de Bruxelles, Solvay Business School, Centre Emile Bernheim, Working Paper No. 06-020.RS, October 2006.

subsidies have been part of the successful social impact of models that integrate microfinance with social services (see, for example, the description of the graduation programme for vulnerable groups by BRAC in Bangladesh in para. 42 above). Subsidies also help to attract additional funding creating a crowding in rather than a crowding out effect, as conventional wisdom suggests. For example, in the case of the securitization deal between India's ICICI Bank and SHARE Microfin, subsidies enabled receipt of funding from another donor, the Grameen Foundation.[31] It appears that provided subsidies are time-limited and rigorously evaluated they play an important role in microfinance.

53. Microfinance institutions are increasingly faced with the responsibility of developing mechanisms to address unethical lending practices and to protect the vulnerable from the risk of high-yielding "predatory" lending practices. Codes of conduct are also needed to address the risk that fast growth and overexpansion can lead to overindebtedness by the poor and undermine the long-term growth and prospects of microfinance itself.

54. More generally, as part of the larger financial industry microfinance institutions need to contend with the issue of regulation and consumer protection. As microfinance institutions compete with larger commercial financial institutions, they need to face new sets of regulatory standards and requirements. Compliance with such standards and requirements imposes additional resource requirements, which could be very expensive for smaller institutions with many small accounts.

## H. The vision for inclusive finance

55. The success of microcredit and microfinance over the years has shown the potential of microfinance institutions to help the poor and contribute to the socio-economic development process. The challenges of microfinance and the lessons learned over many years outline some important direction for the future.

56. Reaching the poorest poor, who have been excluded from microfinance, largely through microcredit, has to be re-evaluated. Since the poor are not an homogeneous group, financial products that meet the diverse financial needs of the poor should be explored (for example, the poorest poor may prefer savings as an alternative form of insurance). Policies to address the challenges related to the transformation and expansion of microfinance institutions should also be assessed.

57. The recognition of the various challenges facing microfinance institutions and the need for States to allocate limited financing resources to help the poor has led to the promotion of inclusive finance as a new paradigm dealing with the financial sector that serves the poor and broader society. This involves adequate financial services for small and medium-sized enterprises and for microenterprises. The outcome document of the International Year of Microfinance 2005 (the "Blue Book" *Building Inclusive Financial Sectors for Development*) states that the rationale behind inclusive finance was that access to a well-functioning financial system can economically and socially empower individuals, in particular poor people, allowing

[31] J. Morduch, "Smart subsidy for sustainable microfinance", Asian Development Bank, *Finance for the Poor*, vol. 6, No. 4, December 2005.

them to better integrate into the economy of their countries, actively contribute to their development and protect themselves against economic shocks.[32]

58. To achieve the vision of inclusive finance, financial services for poor and low-income people should be seen as an important and integral component of the financial sector and various types of financial institution, based on their own comparative advantages, should see them as an emerging business opportunity, and inclusive finance should be part of any financial sector development strategy.[33]

59. The United Nations Advisers Group on Inclusive Finance Sectors works with Governments, regulatory and supervisory bodies, central banks, academia and the private sector to identify and define key issues limiting access to financial services. It advises the United Nations system on strategies and concrete steps to expand access to financial services for all. The Group's key message to Governments is that they need to ensure that inclusive finance is an integral part of any financial sector development strategy and to create a policy environment that can broaden access.[34]

60. Inclusive finance builds on the foundation of microfinance and hopes to enable smaller microfinance institutions to achieve scale and sustainability, while letting a cross-section of financial institutions also meet the needs of the poor and nearly poor through more diverse product and service offerings. Inclusive finance also hopes to provide greater choice and flexibility in terms of transaction size and loan repayment schemes and to be more responsive to the requirements of the poor.

# V. Conclusion

61. The review presented in the present report points to both the remarkable contribution of microcredit to alleviating the conditions of well over 100 million people living in poverty worldwide and the need to broaden the institutional capacity, focus and approach of microfinance institutions.

62. The breadth and depth of outreach of microfinance to the poor, while impressive, remains very limited, both locally and globally. Innovations in the provision of microfinance services, awareness of the diversity of the poor and the growing involvement of commercial providers may lead to an increase of the reach to different population groups.

63. However, it has become clear that the current contribution of microfinance lies in improving the lives of the poor, rather than as a pathway out of poverty. Self-employment activities generated by microloans are low-productivity in nature and very rarely lead to the development of small enterprises. To a large extent, the explanation rests on the fact that the poor, in particular the rural poor, live in areas that typically lack economic opportunities. Moreover, most microfinance institutions are not in a position to provide the financial services that small and medium-sized enterprises, as opposed to microenterprises, need.

64. Small and medium-sized enterprise development is critical to the generation of productive employment, which is of central importance to poverty eradication, as

[32] United Nations publication, Sales No. E.06.II.A.3, p. 4.

[33] Ibid., p. 17.

[34] *Microcredit, Microfinance, Inclusive Finance: Building on Success, Recommendations from the Work of the United Nations Advisers Group on Inclusive Financial Sectors*, June 2008.

reaffirmed by the Economic and Social Council in 2008, in its resolution on promoting full employment and decent work for all.

65. Catering to the financial needs of small and medium-sized enterprises should be seen as an extension of the traditional lending rationale. It would, therefore, seem advisable for successful microfinance providers to forge alliances with other providers of financial services in order to build sound, sustainable and inclusive national financial sectors that could cater to the needs of all, from the poorest households to enterprises, and promote business opportunities and productive employment on a significant scale.

66. Governments play an important role in providing an enabling environment conducive to the achievement of an inclusive financial sector that encompasses the poor. The role of Governments has been comprehensively addressed in the "Blue Book" and has been a key area in the work of the United Nations Advisers Group on Inclusive Financial Sectors. The Advisers Group has developed key messages which attempt to distil the key actions that Governments may wish to consider in order to develop inclusive financial sectors that can help to promote poverty reduction.

67. **In this regard, Member States may wish to consider the following recommendations:**

(a) **Establishment of a framework for promoting the development of inclusive financial institutions that offer appropriate financial products and services to all segments of the population, including the poor, and to significantly increase outreach to unserved and underserved enterprises and households;**

(b) **Adoption of a coherent financial regulatory framework, in consultation with microfinance providers, that will effectively protect the stability of the financial system and increase access of the poor and micro- and small enterprises to financial services, while taking into account the different types of microfinance providers and the diverse products and services they offer;**

(c) **Adoption of regulatory standards that protect consumers, in particular the poor, given their limited financial literacy, against predatory and abusive lending practices;**

(d) **Integration of financial and consumer education for the poor as part of the framework to promote awareness of microfinance programmes;**

(e) **Support for the expansion and reach of microfinance through the promotion of entrepreneurship development programmes, including for micro, small and medium-sized enterprises.**